

BRAND BUILDING CHALLENGES IN GLOBAL MARKET: AN OVERVIEW

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Abstract- Marketing has undergone a constant transformation amidst environmental changes at rapid pace, and so has branding exercise in the last forty years. Brand building has been challenging for the brand custodians in scopes and scales at local and global level. In this backdrop, the purpose of this paper is to explore the key challenges of global brand building. The data collection method is secondary. The findings show that marketers are faced with the challenges on the key elements, such as innovation, loyalty, positioning, counterfeiting, among others. The significance of the study lies in the rich and detailed antecedents, several apt examples - all highly insightful to the academia, industry, budding researcher, students, and so on.

Key words- Branding, Innovation, Benefits, Customers, Management,

I. INTRODUCTION

“A global brand-building strategy is, in reality, a local plan for every market.”

- Martin Lindstrom, Clicks, Bricks & Brands

Great minds from theory and practice will definitely agree that the very conception of branding is a function of competition-led identification. Global branding is not an all-or-nothing proposition, rather it is an extent to which brand is evaluated and adopted in geographic continuum. Global brand must grow globally to sustain locally. Brand building usually pose resounding challenges to the marketer in terms of concepts, positioning, licensing, communication, environmental change, product life cycle, brand equity, consumer behavior, market share, customization, and so on.

Today, challenge has been extremely intense and even fatal which is supported by the view of William Black as, “Great things are done when men and mountains meet. This is not done by jostling in the street.” Brand builder must be potent enough to understand brand elements, connect branding exercise with multipronged socio-commercial phenomenon, and act on the challenges finally to empower and sustain brand value in ruthlessly competitive marketplace. Internationally, some brands have been empowered to cut through all marketing odds and are affably adopted by the consumers. These brands keep their promises through functional, emotional, and symbolic satisfaction or even delight. Apple, L’Oreal, The Body Shop, Google, Emirates Airlines, Cambridge University, for instance have been nurtured to stay strong, unique, favorable on a global scale. Whereas, on the Indian front, brand builders have energized some brands which can compete in the national market and are doing fairly good in the global market. State Bank of India, Tata, Dabur, Wipro, Himalaya, for instance, are strong domestic brands and well regarded brands globally, too. All

these brands command enviable share of mind, heart, wallet; credibility, consumer connect, and point of difference.

However, branding task is not a cake walk to the brand builders. Some brands have either gone into extinction or been sold off. Example includes Arcelor, Jaguar, Gillette, and Corus that faced tough challenges. Brand builders from India, too, could not save the brands such as Kingfisher, Tata Indicome, and Mahindra Voyager against tough challenges.

II. LITERATURE REVIEW

“The beginning of wisdom is to call by their right names” (Chinese proverb, Cococran, 2007). Keller (2009) referring to American Marketing Association, puts brand is a “name, term, design, symbol, or any other features that identify one seller's good or service as distinct from those of other sellers”. While David Aaker (1991) views brand consists of “concept, promise, benefit, proprietary signs, name, trademarks, symbols, and logo “A product is something that is made in factory; a brand is something that is bought by a customer. A product can be copied by competitor, a brand is unique. A product can be quickly outdated, a brand is timeless” (Aaker, 1991). “Distinctive brands have to be powered up to deliver a full sensory and emotional experience” (Lindstrom, 2005). Kotler (2003) holds “brand identifies seller or maker”. Leon and Raggio (2007) put “a brand represents a promise of benefits to a customer or consumer”. “A strong brand stands out in a densely crowded marketplace. People fall in love with brands, trust them, and believe in superiority” (Alina, 2009). Erden (2002) views “For companies, the concept of a brand is as powerful, elusive, and appealing as sex. It is a strategic talisman that increases sales, hinders competitors, and maximizes sales efforts”. The value in terms of

equity of a brand is hard to understand. Brand equity is defined as ‘a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm’s consumers’ (Aaker, 1991). Wheeler and Katz (2006) present “Countries, corporations, communities, and individuals are leveraging their brands to gain a transcendent advantage in marketplace”. “Brands that are proven to have international acceptance and appeal are inherently stronger than national or regional brands” (Aguirre, Leinwan, Saha, and Aurelie, 2008). Moreover, “Brands are our economy’s atomic core, but they are threatened like never before by a series of hostile forces in a confused and diffused marketplace that is evolving faster than the brands that populate it” (Upshaw, 1995). Branding is challenging as this exercise is carried out in a highly competitive environment. Challenge is so intense that survival today is attributed to branding.

III. PURPOSE OF THE STUDY

The study aims to present insights and analysis into the challenges of building global brand in terms of

- Time Horizon
- Brand Loyalty
- Innovation
- Positioning
- Quality
- Language and Communication
- Counterfeit
- Changing Environment
- Miscellaneous

Time Horizon

Product manager is face with the dilemma of short or long run brand building campaign, especially when such manager’s organization suffer from ‘myopic view’, i.e., short term orientation. Such manager finds very challenging to judiciously perform on short term basis. Promotional schemes intended to build brand is conceptually and practically at loggerheads with long-term brand building exercise, which undermines brand building principles. Successful brand building demands a fine balance between ‘short term goals and long term objectives’ (Krishnamurth, 2013). The cliché, “It’s a marathon, not a sprint.” Hold true in brand building exercise. Forbes, for instance, takes four months commitment on its BrandVoice platform where content campaign grows typically in the third month (www.contently.com, 2014).

Brand Loyalty

Loyalty is linked to the hopes that consumers have for their lives. Stories and ideas that brand articulate stimulate the customer and arouse their buying interest. Buyers are more interested in the logo and not a company, where in emotion is treasured. The biggest challenge facing the marketers is maintaining

the appeal of inducements from the luring substitutes or complementary brands. The going gets even tougher when brand builders are raveled in between initial purchase and continued purchase wherein lies ‘awareness, authenticity, excitement and a sense of gain’. Along the continuum, the customer wants not only to be reminded of the features but also incentivized for their repeat purchase.(Somma, 2014).

Innovation

Product, service or idea is perceived as innovative when they are newly introduced to the adopters who find the enhancement in functionality or hedonism (Flint, 2006). Innovation through technology, creativity, initiative, alliance with trading partners and competitors keeps firm handling challenges. Technological innovation often leads to newer and better ways of solving old problems. Innovation also can become part of a firm's corporate strategy for sustaining competitive advantage (Shocker, Srivastava, and Ruckert, 1994). Branding area majorly hails from marketing, which is vital component of a business, as also famously accentuated by Peter F. Drucker, “Business has only two functions — marketing and innovation”. Innovation is potent to enhance brand personality if managed justly (Bhat and Bowonder, 2001). Brand builder is faced with challenges when incoherent and inconsistent practice creates brand confusion resulting from the infringement of identity (Flint, 2014). Dell’s innovative way met market challenges quite successfully. Samsung learned lessons quickly and rode high tides beating all branding challenges globally, while Nokia and Motorola slipped to lower positions as they failed to anticipate and innovate on time. Micromax took global giant head kept on innovating and resultantly emerged as market leader by market share in short time.

Positioning

Positioning is an act of placing an image of a product, brand, firm, or entity in the mind against the competitor through continuous education, information, and satisfying offerings to the consumers, publics, and stakeholders. “Successful marketers must dare to be different, not only to get ahead, but to stay there (Shocker, Srivastava, and Ruckert, 1994)”. Positioning is sensitive, and volatile. It should be trendy and relevant in both local and global market. Wal-Mart for instance, has revised its positioning. Koak Mahindra in India positions itself in the customer’s mind as one entity- “Kotak”- “Think Investments, Think Kotak”. Ries and Trout in their book, “Positioning – The Battle for Mind” (McGraw-Hill, 1981) argue that marketers struggle to find a slot in the consumer’s mind in the competitive environment. Marketers face challenge in branding through positioning as this act is subjective. Nokia, for instance, an iconic brand dominated the world market with fifty percent market, but it could not

align its positioning with the rapid and widespread changes at the right time, as a result it swiftly lost its market and finally merged with Microsoft for \$7.5 billion in 2014. Nokia did not reposition and fix the strategic issues in time resulting in its own demise on the heap of complacency (www.gadgets.ndtv.com, 2013). On the other hand, Xerox promptly transitioned from 'the document company to one that generates more than half its revenue from business services, like operating call centers, processing insurance claims, handling automated toll payments' (www. Carone, 2013). The brand builder must handle positioning error to ease up challenges in terms of 'over positioning, under positioning, confused and double positioning'.

Quality

Quality is a deliberate perception through expectation to meet the consumer need. It is a key force leading to delighted customers, firm profitability, and the economic growth of nations (Deming 1982; Kennedy 1987; Rust, Zahorik, and Keiningham 1995, Golder, Mitra and Mooman, 2012). It is subjective and relative to benchmarked practices. Because of subjectivity, relativity, and environmental dynamics, issue of certification, multi-disciplinary in scope, the businesses are faced with ever increasing challenges. Creating quality of product or service is as important as perception. Marketers find it an uphill task to achieve perception of quality without the tangible base of quality claim. When Citibank, for instance, improved back-office efficiency in process automation, the customer feedback was upsetting, meaning that was either not noticeable enough or could be identified by the customer. This does imply the effort in quality enhancement must 'resonate' with the customer (www.brandingstrategyinsider.com, 2009). In 2000, Toyota, for instance, could not meet much of the expectation of the USA consumer on its Prius, whereas Lexus in 1980s was a run-away-success in the same market. Iconic automotive brands like Aston Martin and Lamborghini despite being quality brands struggle in the emerging markets.

IV. LANGUAGE AND COMMUNICATION

Language constitutes words, phrases, and terms through which company communicates to its consumers and others (Lindstorm, 2005). Word choice and tone in verbal and nonverbal presentation connote a specific meaning, which is technically guided and controlled by regulatory body, which is not standard globally. Global brand manager often outsources to work on language selection so that language used on the label, brochure, and copy, among others should not be abusive, irrelevant, intimidating, and enigmatic to any culture, value, faith, and country at large. Also, it should be sensitive to legal framework of any society. McDonald is a

global brand which is available globally but marketed locally. This company adapts and responds to the local needs retaining minimum global standards. Marketers have hard time to use right language even with India as India is multicultural and multilingual country. Packaged goods especially face more challenges than industrial goods. The same applies to communication or integrated marketing communication majorly constituting advertising, public relation, events sponsorship, sales promotion, and so on. Communication or advertising strategy used in small country like Haiti, Kuwait, Hong Kong being mutually distinct on value system may not be easily used as in United Kingdom, USA, Singapore, and Australia. There are 22 constitutionally recognized languages in India (Gugnani, Arora, and Shukla, 2008). Some product from Kerala, India use Malayalam language along with common language English, which benefits Keralites in the Gulf, for instance.

Counterfeiting

"Counterfeiting refers to the infringement of intellectual property rights of any kind, including trademarks, patents, industrial designs, copyrights and related rights (European Report, 2010). Counterfeit goods are non-genuine goods (Mallor, 2007, Lewis 2009). A person creates or sells a non-genuine good in an attempt to "usurp the brand or trademark of another, that person is guilty of counterfeiting (Hopkins, 2003, Lewis, 2009). Indian Bollywood is losing huge sums because of counterfeiting. China is alleged to have counterfeited the most. A recent study conducted by Business Action to Stop Counterfeiting and Piracy (BASCAP) indicates the global value of counterfeit and pirated goods is currently estimated at US\$650 billion, is likely to double by 2015. The following is the illustration of seized counterfeited good in percentage. Counterfeits pose increasing challenge to the brand managers. This chokes market growth despite the products availability in the potential market. Today, India and global market needs to corroborate with regulatory and political bodies to combat such colossal loss.

Changing Environment

Everything changes but change itself (John F. Kennedy, n.d.). Here, change is company's internal and external environment surrounded by local and international dynamics which keep changing in terms of firm's strategy, demography, economy, polity, regulation, culture, technology, among others. Besides, unforeseen circumstances- natural and or artificial pose often unpredictable and unrolled phenomena to the brand managers. Tsunami earthquake pushed brand Japan down from second spot in the chart of best economy in the world. Global brands, such as Unilever, Pepsi, Greyworld, A. C. Nielsen, and Citibank, among others have adapted to

the requirements of Indian consumers. This is clearly evident that “one-size fits all” strategy is not much in use to leverage global brand. Roelling (2001) supports the same in his words as “A global brand must retain its autonomy while also adhering to local sensitivities.”

Miscellaneous

The challenge and complexities include but not limit to some more additional attributes such as technology, brand value, merger and acquisition, trust, relevance, culture, measurement, consumer, strategies, regulation and so on, which vex the brand manager more often than not. Coca-Cola quantifies the value of plant and machineries to 4 percent of its assets, the remainder are largely seized by its brand value (Knox, 2004). Private label is also putting pressures on the brand manager. Study indicates that the USA is experiencing 17-20% private label or store brand and is estimated to rise in few years. India too is falling line. Marketing or branding strategies are to be very catchy, edgy, relevant, and futuristic. A fine balance between consumer and company centricity needs to be stricken. The approach of brand builder needs to be futuristic, holistic, and societal in action rather than being manic to profit only. Apple, Microsoft, Bodyshop, to name just a few, have demonstrated this.

CONCLUSION

To conclude, building brand has become challenging but not unachievable maneuver. This entails a fine admixture of firm’s internal and external environment with a view to holistically offering a product of superior value through identifiable tag, brand. Brand should ingrained with quality, promise, authenticity, trust, value and others which must be manifested in performance of functions, emotions, and symbols. The global brand must be first entrenched deep in local market which global approach can be leveraged on.

RECOMMENDATIONS

- The top management of a firm should allow the brand builder to spend reasonable time to nurture, raise, and build brand in a justifiably sufficient time, rather than struggling to perform in the short run to satisfy the management at the cost of growing brand.
- Marketers should focus on retaining customers by delivering the same as or more than the promise, or else brand loyalty will be at stake.
- Marketers should enhance and maintain the perceived quality which must resonate with the customers.
- To combat positioning challenges, the brand builder should clearly formulate positioning statement and be committed to the same. The

same should be intricately aligned with market forces and else competitor may vanquish even the market leader. Nokia is a glaring example.

- The brand manager must understand the brand value, copyright issues, individual market’s regulation, demand supply gaps, business cycle, currency exchange rates, intricacies of distribution channels, pricing policies to tackle the challenges of counterfeit.
- Most importantly, the company must engage in constant innovation, research and development with a genuine intention to contribute to the society rather than indulging in ‘me too’ products and short term financial goals.

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