

Cultural Characteristics and Global Branding

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Brand strategy is essential for the company; brand determines communication content. The impact of brands is now manifest in every single aspect of business. Product may be considered as brand only if it enters and covers the global market and is globally aware. For that it is important to take into account cultural characteristics. Different cultural representatives react in various manner on one and the same factor, cultural factor identification is the main keys to success. Article emphasizes the role of culture in branding illustrating various secondary and primary research data, covering issues like media characteristics, segmentation, preferences and etc. Brand strategy should be discussed in terms of globalization, it should be flexible and customized according to the relevant environment.

"It is better to believe than to disbelieve, in so doing you bring everything to the realm of possibility." Albert Einstein

Branding is now of huge and growing importance in the business-to-business environment, the impact of brands is now manifest in every single aspect of business life, from the smallest decision in the corner store to the biggest decision in the largest company.

Branding is like a magical incantation and knowledge is a tool for branding that supports it overcome boundaries and extend globally. Profound knowledge of relevant markets, global, cultural peculiarities are crucial nowadays, especially considering the fact that in a rapidly changing, competitive and globalized world the lifecycle of products and services is becoming even shorter.

Managing any brand is a "big stuff", managing a global brand particularly so because of the complexities of holding together the essence of your brand and the consistency of brand experience across many diverse cultural backgrounds. Add in to that the long and often non-owned value-chain delivery mechanisms, the variability of employee commitment and understanding and the very real changes that are taking place in the way your customers, employees and partners think and behave, and very soon it becomes clear that a new approach to global branding is necessary.

As abovementioned different cultures react differently on various factors, what makes us think that the premise to brand success are existing market and cultural characteristics.

Brand strategy is aimed at influencing people's perception of a brand in such a way that they are persuaded to act in a certain manner, e.g. buy and use products and services offered by a brand, purchase these at higher price points, donate to a cause. In addition, most brand strategies aim to persuade people to buy, use, and donate again by offering them some form of gratifying experience. As branding is typically an activity that is undertaken in a competitive environment, the aim is also to persuade people to prefer the brand to competition. A global brand needs to provide relevant meaning and experience to people across multiple societies. To do so, the brand strategy needs to be devised that takes account of the brand's own capabilities and competencies, the strategies of competing brands, and the outlook of consumers (including business decision-makers) which has been largely formed by experiences in their respective societies.

There are four broad brand strategy areas that can be employed.

(1) Brand Domain.

Brand domain specialists are experts in one or more of the brand domain aspects (products/services, media, distribution, solutions). A brand domain specialist tries to pre-empt or even dictate particular domain developments. This requires an intimate knowledge, not only of the technologies shaping the brand domain, but also of pertinent consumer behavior and needs. The lifeblood of a brand domain specialist is innovation and creative use of its resources. A brand domain specialist is like a cheetah in the Serengeti preying on impala and gazelle. The cheetah is a specialist hunter with superior speed to chase, and the claws and teeth to kill these animals. The cheetah is also very familiar with the habits of its prey. It finds ways of approaching, singling out and capturing its prey. The cheetah is one of the most accomplished of hunters within the wild cat species; it catches up to 70% of prey that it hunts.

(2) Brand Reputation.

Brand reputation specialists use or develop specific traits of their brands to support their authenticity, credibility or reliability over and above competitors. A brand reputation specialist needs to have some kind of history, legacy or mythology. It also needs to be able to narrate these in a convincing manner, and be able to live up to the resulting reputation. A brand reputation specialist has to have a very good understanding of which stories will convince consumers that the brand is in some way superior. A brand reputation specialist is like a horse. It can be pure-bred, have a certain nobility and bearing, and exhibit qualities that can be traced back to these (e.g. grace, speed, temperament, looks). Like a horse, the brand reputation specialist can also thrive on association with celebrities.

(3) Brand Affinity.

Brand affinity specialists bond with consumers based on one or more of a range of affinity aspects. A brand affinity specialist needs to outperform competition in terms of building relationships with consumers. This means that a brand affinity specialist needs to have a distinct appeal to consumers, be able to communicate with them affectively, and provide an experience that reinforces the bonding process. A brand affinity specialist is like a pet dog. A dog is generally considered to be man's best friend, due to its affection, its obedience, its loyalty, the status and the protection it provides to its owners. Different kinds of dogs will command a different form of affection.

(4) Brand Recognition.

Brand recognition specialists distinguish themselves from competition by raising their profiles among consumers. The brand recognition specialist either convinces consumers that it is somehow different from competition, as is the case for niche brands, or rises above the melee by becoming more well known among consumers than competition. The latter is particularly important in categories where brands have few distinguishing features in the minds of consumers. In some cases, a brand recognition specialist needs to be able to outspend competition to gain unbeatable levels of awareness. In other cases, a brand recognition specialist needs to convince a loyal following of consumers that it is unique. A recognition specialist is like a peacock. Most of us will know little about birds, but we can recognise a peacock from a large distance. We may not know its precise qualities, but if we were to choose between birds we are more likely to plump for a peacock than for a more ordinary specimen, because of its beauty and presence.

To continue the analogy, animals that are transplanted from their original habits, face particular difficulties. Their specialist skills, particular traits or specific qualities may no longer be to their advantage and they may need to develop new ones. The cheetah may fare fine in other parts of the world where there are grassy plains with sufficient game. However, if the cheetah moves from the plains to the jungle it will need to develop an appetite for different prey (e.g. monkey), change the way it hunts (e.g. climb trees) and compete with new predators (e.g. snakes).

Although horses are widely considered noble animals, the way they are viewed does differ between societies. In some, the horse is mainly considered as a mode of transport and competes with cars and trucks. In another, the horse is mainly seen as an opportunity for gambling and there it competes with casinos and dog races. Yet in others, the horse is hardly used and seen as symbolising independence and pioneering spirit. Each of these roles requires different traits from the same animal. Simi-

larly, a dog is not considered a loveable or desirable animal in all societies. The relationship with a dog can be functional in some societies (e.g. sleigh dogs), affective in others (e.g. pet dogs), and ambitious (e.g. fighting dogs) in yet other societies. Thus, a dog may need to build a totally different kind of relationship depending on its new owner's background. A peacock may be highly recognisable all over the world, but it symbolizes something different depending on local culture. In Bengal, the peacock symbolizes prosperity, while in Bali it represents the power of knowledge, and in China it symbolises beauty and dignity.

As in the animal kingdom, there is also a place for generalists who mix and match strategies to their advantage. For instance, in some markets Heineken mainly leverages its reputation (e.g. country-of origin), while in others it applies its formidable media planning expertise to innovative use of various forms of (integrated) media; a specific form of domain specialisation. Brands also use complementary strategies. In the case of Nokia, it has been developing its brand affinity through Club Nokia and the Nokia Game.

The following section deals with factors that influence brands' strategies when operating in societies other than their original habitats (Gad, 2001).

The Brand Environment

A brand operates in a space that is defined by its own company or organisation, its competitors, and the societies where it operates. There are both internal and external factors that influence how a brand is finally perceived and experienced by consumers.

Internal Factors

Factors that are internal to a brand's company or organization can be categorized as being strategy-related, performance-related and stemming from the brand's past. The strategy-related factors are those that derive from the business strategy and the marketing strategy. There is a strategy hierarchy, whereby business strategy takes the lead, guiding brand strategy. Brand strategy in its turn guides marketing strategy. The business strategy is aimed at achieving particular consumer behavior. Only if consumers actually purchase, use (more often), pay a higher price or donate (more) will objectives of a business strategy be met. These objectives may include a larger market share, increased returns, higher margins and increased shareholder value. Brands are designed to persuade consumers to exhibit the behavior that will make these objectives come true for the organization. Thus the influence of business strategy upon brand strategy is direct and compelling. The marketing strategy aims to translate the brand strategy into actual products or services, with a specific price, to be

sold at specific outlets, to be promoted through specific communications activities and channels, and to be supported by specific service. The influence of the marketing strategy is thus indirect in that the correct translation of the brand into the marketing mix determines whether consumers get the correct impression of the brand. The performance-related factors are dependent upon the marketing implementation, i.e. the actual production and delivery of the products and services, their accompanying messages to consumers, and the actual product or service experience. The implementation eventually determines whether consumers experience what the brand strategy set out to provide. The marketing implementation may make or break a brand at the moment that is of most importance to consumers: e.g. when they actually experience the brand through advertising, promotions, purchase, usage, and after-sales service. The factors that stem from the brand's past are the brand's internal legacy and its internal conventions. The brand's internal legacy is about who have developed it, who have managed it over the years, and what the role of the brand has become for the organization. This influences how management, staff, partners, distributors and shareholders view the brand and its future potential. It may prove difficult to change such perceptions once a brand has been slotted into a specific position. The internal conventions of an organization are such issues as how things are typically done, support systems, what the culture is like, who has the power to decide, who has the power to frustrate decisions, the structure of the organization, its policies, and its (other) activities.

For a global brand, such influencing factors exist at central as well as at local levels. More often than not, there are tensions between central and local as specific factors work in opposite directions, and people within the organization have different agendas for the brand (Gad, 2001).

External Factors

External influences upon a brand strategy come mainly from three quarters: competition, consumers and media. These external influences will vary between the markets and societies where a brand operates. Therefore, these influences need to be determined locally. When a brand is introduced into a foreign society, it will encounter particular brand strategies that are being practiced by competitive brands. Unless competitors are very complacent, head-on confrontations with them are generally not the best way of winning the hearts and minds of consumers. It is, therefore, important to determine competitors' brand strategies and to find ways of flanking established competition by choosing an alternative strategy. Category conventions are the unwritten rules that govern the way in which products or services are designed, advertised, distributed, ser-

viced, priced, experienced, etc. Challenging such conventions may provide a brand with a competitive advantage. It is imperative that such a challenge has value to consumers and that they are willing to go along with the challenge. This is only the case if the particular convention is no longer rock solid. Such opportunities emerge when competition is complacent and underestimates the effects of the challenge. An example is the advent of on-line share trading, which became possible due to the combined development of the Internet and the popularization of shareholding. Established stockbrokers failed to respond adequately to the challenge to their conventional mode of operations and thus lost a lot of their business to Charles Swab cum suis.

Cultural conventions determine how people in a society interact, what they believe, how they make decisions and what meanings they attach to certain representations. Cultures are not static, but develop through intergenerational and interpersonal learning and experience. A cultural convention can be challenged if it is already losing its value to consumers and is ready to be replaced by something new.

Therefore, one needs to be on the lookout for such cultural shifts. Once identified, it becomes a matter of deciding whether the challenge will be of perceived value to consumers and will provide competitive advantage. Needs conventions determine the forms in which consumers' needs are manifested.

Human needs are not universal and neither is the importance placed upon each need. However, the major differences lie in the manner in which a need is articulated or the form of a solution that is provided to a need. For example, although there is a general need for nutrition, there are considerable differences between societies with regard to which foodstuffs are acceptable for specific meals. Not to mention foods that are totally unacceptable to specific societies, as witnessed by the controversy over the consumption of dog meat during the upcoming world cup soccer finals in Korea (Gad, 2001).

The media can seriously affect a brand strategy in a positive or a negative manner. In some developing countries foreign brands are promoted by the media as examples of modernity, while in others these same brands may be portrayed as the vanguards of a foreign domination. Particularly, bad news about brands can spread like wild fire across borders, as Coke found out in Belgium, where the outsides of some bottles were contaminated with a fungicide, causing a health scare.

The factors discussed above should be considered and their specific impact should be reflected on the general brand strategies (Keller, 2000).

To better illustrate the theoretical underpinnings let's discuss the real-life examples.

If we discuss briefly China market characteristics according to Millward Brown's The Global brand and primary research provided below we will obviously see how seriously cultures matter.

In terms of land area, China is as big as Europe; in terms of population, it is much bigger. However, as Nigel Hollis states in Chapter 6 of "The Global Brand," the Chinese market is not a single homogenous market. Rather, it consists of many distinct regions that differ in terms of language, geography, and levels of market development. Currently the most common way of segmenting the Chinese market is according to the size of the population centers and their rough level of economic development. This segmentation results in markets known as Tier 1, Tier 2, Tier 3, and Tier 4.

Tier 1 markets are big cities, such as Beijing and Shanghai, with populations close to or exceeding 10 million and city consumption power over 200 billion Renminbi (RMB).

Tier 2 markets are smaller cities with populations between 2 million and 10 million and city consumption between 20 billion and 200 billion RMB.

Tier 3 markets are less developed cities with populations ranging from 100,000 to 2 million and consumption capacity ranging from hundreds of millions up to 20 billion.

Tier 4 markets, where over half of the Chinese population lives, are the rural areas.

In 1978, China's leader Deng Xiaoping launched a series of reform measures that allowed peasants in rural areas to buy and sell their products freely in small open markets. As China's leadership saw the incomes of rural citizens improve with no deleterious effect on the social order, they began to unleash similar reforms in Special Economic Zones, Shenzhen being the best known of these. After this action was also successful, restrictions on commerce were lifted in most eastern seaboard cities, which, because of their location, were well placed to trade with the outside world. Over the years, reforms gradually moved westward into the cities of China's less developed interior.

Most consumer categories penetrated Tier 1 markets first and then moved to lower-tier markets. For example, Tier 1 cities have become important markets for automobiles, LCD TVs, and other luxury goods, while penetration rates for these products are still low in Tier 3 and Tier 4. In general, there is more emphasis on price in Tier 3 and Tier 4 markets; consumers in these markets are more frugal, and take notice of even small price differences.

Distribution channels are at different stages of development across the various market tiers. In Tiers 1 and 2, the major distribution channels are big supermarket chains and home appliance stores. However, in Tiers

3 and 4, traditional distribution channels such as wholesalers, small independent supermarkets, and mom-and-pop grocery stores predominate. Indeed, the management of traditional distribution channels presents a significant challenge to marketing and sales managers of MNCs.

Local brands enjoy a number of advantages in Tier 3 and 4 markets, including their familiarity with the established distribution channels and their understanding of what's important to local consumers. But increasingly, MNCs are focusing on these markets. As early as 1996, P&G embarked on road shows through tens of thousands of villages and towns. They offered personal care products such as soap, shampoo, and toothpaste, with packaging and prices appropriate for rural areas.

In 2003, P&G mounted a campaign in rural markets introducing a new package of the shampoo Rejoice that would be available only in rural areas for a price of RMB 9.90 (US\$ 1.50). Having established a beachhead in distribution channels as well as production lines in the less developed tiers, P&G continues to focus on rural areas and has highlighted this as a strategic priority in China. (Hollis, 2008)

Consumer shopping habits vary with the retail environment. In Tier 1 cities, consumers tend to shop once a week in the hypermarket, but in Tier 3 cities, where hypermarkets are less common, consumers tend to shop more often in small- to middle-sized supermarkets.

The geography of China is vast and varied, and as a result consumer needs vary according to geographical factors. For example, dry weather in the north makes fabric softeners more popular there than in other areas. Therefore, in northern cities, manufacturers emphasize the role of fabric softener in preventing static electricity, while in the warm and humid regions in the east and south (where deodorant products enjoy a bigger market share than they do in the north), they communicate the benefit of keeping clothes smelling fresh. (Hollis, 2008)

The vastness of China also makes media buying a challenge. Forty-seven satellite TV channels cover the entire country, while there are as many as 2,000 TV stations at province, city, and county levels sending out more than 6,000 TV channels in all. On average, each family receives 60 channels. While the national channel, CCTV, has relatively high penetration, its ratings vary by region. CCTV gets high ratings in northern cities, mid-level ratings in the east (where local and provincial channels do better), and low ratings in southern cities, where it competes not only with local channels but also those from Hong Kong. Marketing managers need to adapt their media buying to this fragmented media market to achieve optimal results. (Hollis, 2008)

Consumers' understanding and acceptance of advertising also varies across the different tiers of cities. People in Tier 3 and Tier 4 cities tend to value advertising for the information it offers about products, while people in Tier 1 cities tend to expect more entertainment from advertising.

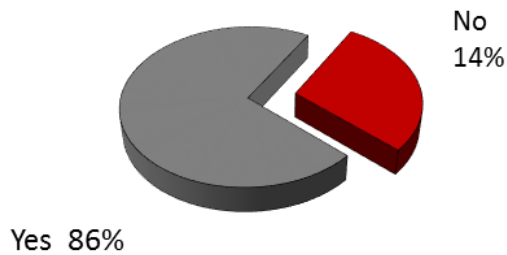
Consumers in Tier 1 and Tier 2 markets are more sophisticated and critical; they rate ads lower than people in Tiers 3 and 4. Within a given tier, feedback in northern cities is slightly more positive than that in southern cities. All of this variation in response underlines the diversity that exists within China.

One very distinct aspect of Chinese culture is the written language consisting of Chinese characters. The selection of a Chinese name can have a major impact on the success of an international brand in China. A brand name can be simply transliterated — that is, represented by Chinese characters that reflect the phonetics of the pronunciation of the brand's name in its original language — or it can be translated — that is, represented by characters that convey the meaning of the brand name in addition to keeping the pronunciation similar. Well-known examples of translated names include: BMW (宝马, “precious horse”), Mercedes-Benz (奔驰, “running”), Johnson & Johnson (强生, “strong life”), and IKEA (宜家, “suitable for home”). (Hollis, 2008)

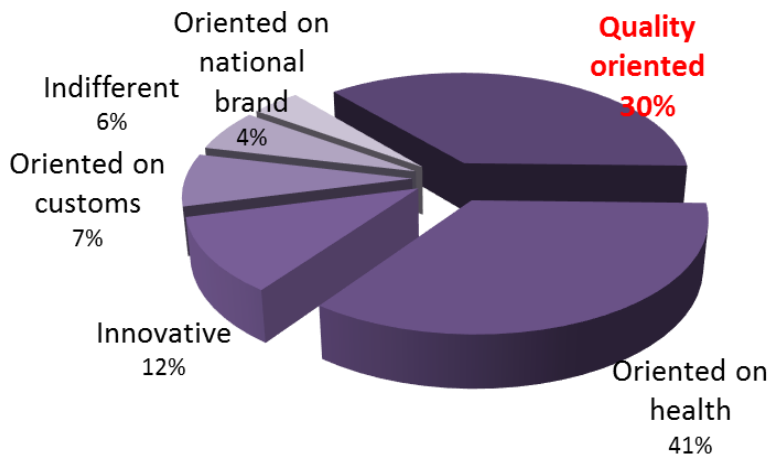
An analysis of BrandZTM data shows that in developed markets, such as Hong Kong, Japan, Korea, the United States, and Europe, the top driver of consumer bonding with a brand is emotional affinity, followed by popularity. In China, however, the order is reversed. Furthermore, when we drill down into the components of emotional affinity for China, the statement “I want to be seen using this brand” ranks much higher than “appeals to me more than others,” suggesting that consumers expect to gain face through their brand choices. In part this may be a reflection of the current stage of consumer-brand relationships in China (where, in early stages, consumers appreciate brands for the status they convey), but the importance of face in China makes the respect and the opinions of other people at least as important to a brand user as his or her own feelings. In promoting brands in China, marketers must be attentive to face. In particular, when communicating with consumers, brands cannot make other people lose face. One important implication of this rule is that jokes that might be effective in advertising in many countries will not work in China. When humor comes at the expense of another person, it causes that person to lose face; therefore it is unacceptable in China.

In order to make some cultural comparison with Georgia and once more highlight that culture really matters, quantitative research was also conducted, besides the secondary research and case analysis. In Georgia not several products can be named brands. One of these products that one might dare to call a brand is still and sparkling water companies. According to the interviews with Georgian bottled water companies one of the major target market for global branding among neighbor countries is Russia. Because of that a certain market overview was conducted that

once more emphasized the necessity of devising flexible approaches during branding across cultures and societies. (Hollis, 2008)

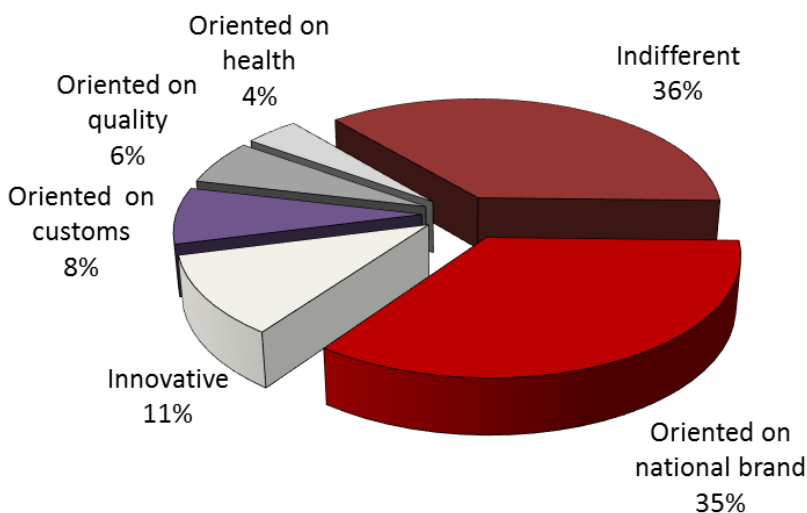


Quantitative research was conducted to identify the market characteristics leading to brand success in Moscow and some key findings were summarized.



Differences in behavior

Bottled water is one of the demanding products in the region, while in Georgia most usually the primary competitor “brand” is tank water. In Moscow the vast majority drinks bottled water.



Bottled Water Drinking

Differences in motivation

During communication and branding process business representatives should consider that cultures differ according to their motivation during purchase, in Moscow, for example the segmentation can be divided according to following percentage:

Segmentation Categories

In Tbilisi the segmentation is presented according to following picture:

Segmentation Categories

One of the main cultural differences is revealed in this case, too. The picture above emphasizes how brand should be communicated in various cultures, in one case in Moscow, the major emphasize should be put on

quality of the product and health, while in Tbilisi one of the major concern during brand purchase is orientation on Georgian products.

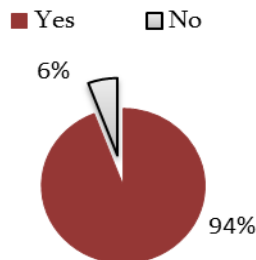
In cultural sense, we can see how trends change overtime, because several years ago, in 2008 for example, in Georgia National brand was not a priority, instead Georgian production was in association with something harmful. This data indicates a certain growth and steps forward on Georgian markets.

The above mentioned information serves as a good indication to plan relevant communication strategy and choose relevant segments accordingly.

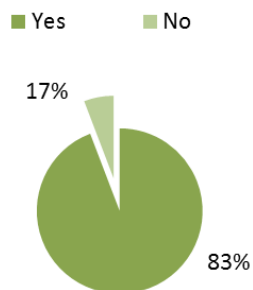
Differences in media consumption characteristics and differences in communication.

Quite interesting data were obtained in this direction too, as it appears Television and Internet stay as the most powerful tool for communication disregard the culture, but one of the most important cultural characteristic that was revealed here is that radio is one of the most preferred communication means in Moscow, while in Georgia it has the least importance. Russians are actively involved in several radio programmes, interact, mostly listen to radio during walking and during the day, while Georgians prefer to listen to playlists recoded by themselves.

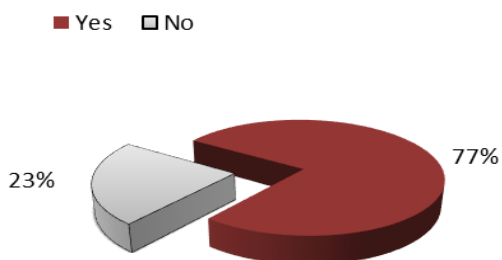
TV, Tbilisi, TV Consumption



Moscow, TV Consumption



Internet Tbilisi, Internet Consumption

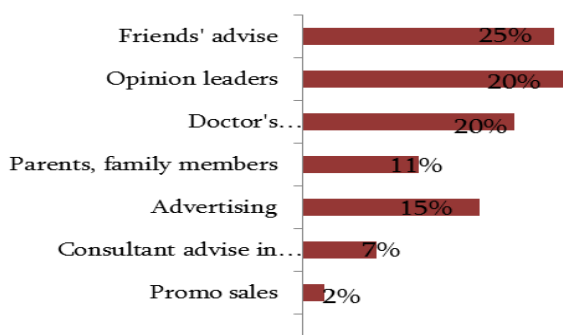


Moscow, Internet Consumption

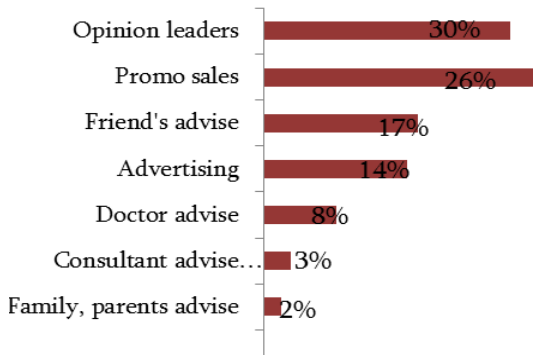


Differences in information sources

Moscow, Decision Making Process



Tbilisi, Decision-making process



As it is obvious the most important information sources influencing purchase decision are different in different cultures, opinion leaders play essential role during decision making process and it's worth mentioning that Georgian customers are quite sensitive towards promotional activities, while Russians pay the least attention to it. Georgians are much more "experiencers", they want to buy what is tangible

Differences in message strategies

Main message strategy for Russians is emphasis on health, as revealed according to the research, while in Tbilisi the major concern is emotional; Georgians prefer messages related to energy, refreshment, rather than health or quality. As a consequence in one case message strategies should be based on functional dimension of the brand while, on the other hand

Even the most primitive quantitative research reveals the factors to consider during global branding, most important is to acknowledge the role of correct brand strategies across cultures in terms of globalization. How best to manage a brand internationally largely depends on the factors discussed in this paper. Brand strategy is not a given and needs to be constantly reassessed. Brand managers must decide what is the best course of action for their brands in particular markets, based on an analysis of the relevant internal and external influences on the brands.

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