Few brands can achieve a truly global presence

Many companies talk of their brands being global, yet few actually are. No bad thing, says Alan Mitchell, as it is consumers who really define a brand.

In 1996 two US academics by the names of Boze and Patton posed a simple question: how many global brands are there? Their answer was surprising. Defining a brand as “global” if it was sold in 33 countries or more, only a few brands (apart from the usual suspects such as Coca-Cola) made the grade. Over half the brands sold by major players such as Colgate, Kraft, Procter & Gamble and Unilever were sold in less than three countries, while most of the rest were sold in under 30.

Since then, it has become all the rage to cut brand “tails” and focus investment on big global brands. Yet, five years later, things haven’t changed much. A study of 200 “billion-dollar brands” by A C Nielsen last year found that only 43 brands passed the global test – and a pretty weak test it was too. Nielsen’s definition of “global” was: selling in each of the world’s four main economic regions, and with at least five per cent of its sales outside its home region. In other words, despite years of global brand building, 78 per cent of the biggest brands are still only regional or generate more than 95 per cent of their sales in their “home” territories.

What are we to make of this huge gap between rhetoric and reality? It’s created by a combination of three key factors. First, for the most part, consumers do not want global brands. Yes, there are some brands for whom “being global” is important. That’s why I take Visa with me when I go abroad, for example. But a housewife in Bolton couldn’t care two hoots whether her peers in Buenos Aires or Boston use the same brand.

Yet, if consumers don’t want global brands, companies certainly do – globalising brands presents huge opportunities to cut costs and achieve new economies of scale. It’s all about producer push, not consumer pull.

Enter ingredient number three: producers can only push so far without losing touch with local consumers. The extreme case against global branding was put by that grand old man of brand thinking, Jeremy Bullmore, at his recent British Brands Group lecture. Brands are not made by companies, he noted. They are made by individuals in their own heads. We construct brands rather like a bird constructs a nest: picking up straws of information here and there to build a total picture. Different people tend to pick up different straws.

People also tend to take different messages from the same stimuli. Which means that “global” marketing communications initiatives tend to have very different local effects. A can of Coke, for example, may have the status of a bottle of claret to consumers in a desperately poor country. That has nothing to do with Coke’s branding activity in itself, and everything to do with people’s circumstances. “Once you realise that no two people see things in the same way you cannot possibly have a global brand,” declared Bullmore. “You’re bound to get your communications wrong.”

Which leaves marketers caught between a rock and a hard place. As Tom Long, president of Coca-Cola UK and former vice-president of marketing strategy in Atlanta, pointed out at a recent Marketing Week conference on branding: “Marketers are facing a real challenge to get economies of scale and to be personally relevant.”

The traditional answer to this challenge is summed up by the mantra “think global, act local”. Go for the economies of scale and efficiencies wherever you can, but fine tune your messages to the particular needs of local markets.

The trouble is, this slogan provides precious little guidance to anyone actually having to decide what is “global” and what is “local”. And, by creating these diametrically opposed categories of “global” versus “local”, it actually muddies the
Think global, act local: Coca-Cola is a global brand with a different image in different countries

intellectual waters. Real life isn’t like that. We need something better.

Here’s Long’s suggestion. The main consumer trend, he argues, is towards localisation: personal relevance and meaning. “The accountants pushing globalisation have got it wrong. The balance of power in marketing has shifted to those most in touch with the psyche of the people and scale is relatively less important.”

Yes, companies such as Coca-Cola cannot forsake “global” brand management. They need a central function to protect trademarks, for instance. They need certain key brand values to inform Coke marketing; wherever and whenever.

But, Long points out, these are primarily stewardship and protecting roles, not brand building roles. Nowadays, the only way to build a brand, he argues, is “bottom up”, individual by individual. The brand has to address “what matters to me personally: my hopes, my aspirations, my personal daily encounters”.

Bottom up means that “more and more, size means growing from the grass roots. It means working out from the individual to the communities of interest and passion that are important to them.” Because if two individuals are alike—if and when they share something—then you can communicate with them in the same way. That’s how economies of scale are generated; by finding these commonalities—at whatever level they occur—and addressing them at that level. Says Long: “the unit of analysis is only as high as you can scale up beyond the individual.”

In some cases this commonality may indeed be global: the Olympic Games for instance. In other cases, the unit of analysis may be much but not global—such as Christians targeted by Christmas commercials. In other cases, it may be city wide. There are a million possible “right units of analysis”, each of which offers different economies of scale. The secret lies in defining these right units of analysis and exploiting them as far as they will go—and no further.

Intuitively, this makes sense for courses approach seems about right. It also explains why rolling out brands across borders is so difficult, and (probably) why there will never be more than a handful of global brands out there.

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