

Introduction

The annual Best Global Brands ranking of brand value generates great interest and debate. A recurring question is whether being global affords a brand more benefits than being a geographically niche-focused one. As well, many brand owners are interested in the attributes shared by successful global brands. Interbrand's work with leading global brands, and the conclusions reached through our ranking, indicate significant implications for brands that choose to operate globally or those that operate regionally but wish to employ the principles of successful global brand management. The criteria for this study state that a global brand must achieve more than a third of its sales outside of its home country and have a visible external market presence. A global brand is one that is available in many nations and, though it may differ from country to country, the localized versions have a common goal and a similar identity. The brand's positioning, advertising strategy, personality, look and feel are, in most respects, the same but allow for regional customization. What remains consistent from market-to-market are the values communicated and delivered by the brand.

The Attraction of Global Branding

Going global appears highly attractive. It represents a perception of excellence but comes with a set of challenges that many do not anticipate or adequately plan for. It is daunting to achieve a competitively relevant presence in all strategic markets with an identical set of core values. Companies must harness the coherence and scale of a global brand, as well as the closeness of a local brand if they wish to succeed. This is often referred to as the 70/30 principle. This flexible rule-of-thumb dictates that 70% of the brand must remain absolutely consistent and 30% is given flexibility, market-to-market.

It has been stated that companies do not choose to go global; rather, the market forces them to do so. Interbrand has witnessed many brands that have attempted to be successful outside of their home borders and end up being neither truly global nor appropriately local. The decision to take a brand global (or to several markets from its market of origin) is driven by fundamental strategic opportunities, such as:

- Size and attractiveness of market
- Commoditization in market of origin
- Displacement of competitors
- Achieve economies of scale
- Protect current margins
- Capture share of mind
- Enhance innovation

However, each of these opportunities has considerable brand implications that require attention prior to setting out to conquer the world. Interbrand has observed numerous situations where a company is enamored with geographic expansion. Their due diligence has appeared rigorous but in reality is constrained solely to financial analysis. Market, culture, buyer behavior, current brand loyalties, and many other dimensions may be considered only tangentially, if at all. The risks of taking a brand global must be carefully weighed or the damage to the brand can be irrevocable. These risks include but are not limited to:

- Assuming the brand communicates the same meaning market-to-market, resulting in message confusion
- Over-standardizing or over-simplifying the brand and its management, resulting in a culture of discouraged innovation at the local level
- Use of the wrong (or tried-and-true) communications channels, resulting in inappropriate spending and ineffective impact
- Underestimating the investment in spending and time for a market to become aware of the brand, try it, and adopt it
- Not investing in internal branding to ensure regional employees understand the brand values and benefits that are to be communicated and delivered consistently
- Failing to modulate performance metrics based on local variables

Assuming the business strategy calls for going global, and the analysis provides support for the strategy, the company must ask whether it has the culture, organization, and processes that lend themselves to developing a truly global brand.

What Principles Govern and Guide Global Brands?

Self-examination at the company level is required to ensure the critical success factors are in place to take the brand to other markets. Interbrand has identified a consistent set of principles shared by the Best Global Brands and those coming close to making the ranking.

Recognition

Well-performing brands enjoy strong awareness among consumers and opinion leaders. These brands lead their industry or industries. Think BMW. Car aficionados, reviewers, and loyal customers laud it with equal enthusiasm. It has come to symbolize “performance” in engineering and design while signifying that the owner has “arrived” on a personal and professional level. This type of recognition represents the nexus of perception and reality enabling brands to rapidly establish credibility in new markets.

Consistency

Best brands achieve a high degree of consistency in visual, verbal, auditory, and tactile identity across geographies. They deliver a consistent customer experience worldwide, often supported by an integrated, global marketing effort. McDonald's is a tremendous example of a brand that has returned to its roots by shedding distracting acquisitions, simplifying the core offer, and adhering to a shared message globally. At the same time, McDonald's appropriately modifies its approaches for greater regional relevance. Restaurants in France

are more “café-like” in appearance and the menu is tailored to the local culture. Espresso is in quick supply and the chairs are neither molded plastic nor bolted to the floor.

Emotion

A brand is not a brand unless it competes along emotional dimensions. It must symbolize a promise that people believe it can deliver and one they desire to be part of. This allows brands to achieve the loyalty of consumers by tapping into human values and aspirations that cut across cultural differences. Nike has appealed to the athlete in all, regardless of true physical ability, allowing for a focused message targeted to the mass-market. This has elevated the discussion beyond tangible aspects of the shoe or apparel to how the customer feels when wearing and performing in Nike gear.

Uniqueness

Great brands represent great ideas. These brands express the uniqueness of position to all internal and external audiences. They effectively utilize all elements in the communications mix to position themselves within and across international markets. Apple has creatively addressed its marketing mix while ensuring its people embody its most ownable and beneficial brand attribute: innovation. The company has once again come to represent leading-edge technology solutions that become a part of day-to-day life. Apple is embedded tangibly and emotionally in its consumers' habits and practices.

Adaptability

A global brand must respect local needs, wants, and tastes. These brands adapt to the local marketplace while fulfilling a global mission. HSBC has invested in that very message by conveying its excellence in financial services, along with its deep knowledge of local custom and practice. In essence, it is communicating a “global” advantage.

Management

The organization's senior leadership must champion the brand, ideally with the CEO leading the initiative. A leader's continual articulation of the brand philosophy and the brand's view of the world is meant to give the business strategy a recognizable face. This commitment is crucial, allowing for a unique positioning that transcends local idiosyncrasies and appeals to a universal aspect of human nature and experience. It is a major step in ensuring that the corporate culture will put the brand at the heart of everything it does.

This list is by no means finite. There are many other factors that must be considered, including superior products, processes, and people; a strong track record of being customer-centric in the country of origin; uncompromised ethical practices; and continual focus on creativity and innovation.

Managing Brand Globally

Successful global brands operate from clear principles already discussed. Yet these principles require active management. Interbrand has identified several management traits that are employed by leading global brands.

Seek Out Insights

Outstanding brands identify customer insights. When these insights are shared across cultures they assist in a brand's adoption globally. The Economist brand appeals to its audience because “they know when they are in the know.” This club-like association appeals in most cultures and can help to explain the success of the magazine. Once this insight is in place, the brand must ensure that customers perceive it consistently throughout the world. While over 60% of Mercedes Benz's sales are in Europe, the brand's associations with prestige and quality are global.

Integrate Local Intelligence

Brand guidelines are tremendous tools for ensuring consistency. However, they have been known to impede innovation and diminish relevance. Brands are dynamic, never static, so the management of them must integrate new thought. In the case of global brands, to assume that one message can appeal uniformly to all audiences with equal relevance is unrealistic. Well-managed global brands cull local markets for intelligence related to the “next big thing” to ensure local relevance and to counter competitor's moves.

The Team

Global brands demand a global brand management team. This regional and international organization is in place to maintain brand leadership. Companies with large brand portfolios tend to have separate managers for each brand. Regardless, global brand managers have the authority and resources necessary to implement key decisions based on performance measurement. The brand management team reports to a senior executive officer of the company and, ideally, the CEO has direct involvement in brand decisions. Global brand management teams implement processes to create, review, and improve brand performance. This frequently takes the form of a wider brand management council that can include representatives of business units and agency partners.

Investment

Intangible assets, including brand, now comprise the majority of the value of a company. These assets require capital investment like any other. Progressive companies and enlightened management recognize the need for appropriate communications spending. However, CEOs and CFOs are not signing any blank checks—they are demanding objective and quantifiable measurement of return to substantiate any investment.

Measurement Systems

In order to sustain a global brand's long-term position, there must be consistent and widespread brand equity measurement. This will not only help brand development by highlighting and demonstrating best practices, but it will also provide the brand management team with a means of monitoring global consistency. This equity measurement should include top-of-mind awareness, overall opinion (preference, satisfaction, loyalty, recommendation), brand image attributes, perceptions of product/service performance, and brand valuation to determine the financial contribution of brand to the balance sheet.

Conclusions

Ambiguity is an undeniable aspect of global branding. Consistency is constantly preached, yet it is critical to allow for flexibility in the face of different customs, languages, and purchase behavior. What is clear is the need to follow core principles and management practices when choosing to take a brand global. However, this is not a prescription for success. As every company and brand are different, these principles and practices will be applied uniquely. What separates the winners from the losers is a resolute commitment to rigorous strategic, creative, and innovative execution.

Global branding is tempting and offers numerous rewards, but the risks exist in equal number. Assuming the business strategy calls for going global, and the analysis provides support for the strategy, the company must perform a self-examination and determine whether it has the culture, organization, and processes that lend themselves to developing a truly global brand.