



Brand management (IEBM II module)

Section 4: Global brand strategies

Presentation 8: Brand internationalisation

In this presentation we will discuss...

- ▶ Managing brands internationally: Framing regional markets
- ▶ Standardization versus Customization
- ▶ Adaptation strategies

Managing brand internationally

- ▶ Internationalisation strategies have significant implications in terms of brand management: there may be the need to frame regional market segments (country, macro-region...) whose diversity has to be understood and sized (different preferences, behaviour, regional habits and taste, region-wide cultural elements...)
- ▶ International segmentation is an effort to find, in different geographical markets, groups of consumers with same/similar needs and expectations, despite their national and cultural differences
 - ▶ Identification of *transnational segments*: groups of consumers with same needs and expectations, although living in different countries; they identify similar consumer profiles across countries, although lifestyle remains different. Whenever transnational segments are identified, similar brand strategies and marketing programmes might be adopted in different markets (several aspects need to be considered though, e.g., competitors, distribution networks, laws, etc.)
 - ▶ The importance to catch local differences as lifestyles and cultural values, as lifestyle and cultural values may extend over geo-political borders but to a certain extent; globalization does not necessarily mean standardization (e.g., food industry)

Standardization versus Customization

Standardization advantages

- Economies of scale in production and distribution (max effect in case of a standardized marketing programmes)
- Lower marketing costs in case of uniformity of packaging, advertising, promotion and all the communication activities (same strategic and design efforts over more geographical markets)
- Brand power and scope: a *global brand* profile communicates credibility and quality; being present in more countries is an indicator of expertise and acceptance; a globally admired brand creates social status and prestige
- Ability to leverage good ideas quickly and efficiently into new regional markets and from the regional markets in reverse
- Uniformity of marketing practices, easier coordination and control over communication in different countries (standardization and the opportunity for centrally coordinated marketing strategies and programmes)

Customization advantages

- Regionalization can make a brand more relevant and appealing to individuals in the region, with impacts on sales
- It works on differences in consumer needs, wants, usage patterns for products; differences in consumer response to branding elements; differences in consumer responses to marketing mix elements; different competitive environments in different geographical contexts; differences in channels structure, costs, available and costs of media coverage characterising different geographical contexts
- Dealing with differences in country laws and administrative procedures
- Brand power and scope: a *local brand* may build on the local identity, supporting the local culture and adapting the brand to local taste and needs; more perceived inclination to support domestic economies; might respond to anti-global consumers and sustainability concerns; may satisfy a need for authenticity and originality; high prestige if becoming a 'cultural icon' of a country; more connection to local consumers
- Intensive regionalization strategies can be very costly: higher specialization, higher costs

Adaptation strategies

- ▶ Perfectly standardized or perfectly customized brand strategies are ideal extremes: forms of adaptation are the most undertaken to face the internationalisation challenges
- ▶ Adaptation strategies are those international marketing strategies that take care of local customs and traditions while centrally coordinating (a centralized strategy) the brand to maintain ‘consistency’ and ‘homogeneity’ of certain aspects (e.g., packaging, product, distribution, pricing) as much as possible

