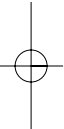
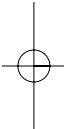


Introduction

THE STRATEGIC PLANNING CYCLE

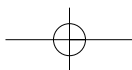


Defining a brand is not something that is generally left to chance. A brand is a construct and not a living and breathing organism, as some would have us believe, and as much of the language employed in branding, including some of the terminology in this book, suggests. Brands are created, stimulated and applied by people working in organizations seeking to create worthwhile experiences for their customers that will induce behaviour beneficial to the organization. This calls for some careful preparations and planning. The various stages of the strategic planning cycle are shown in Figure 0.1.



First, the business strategy

The strategic planning for a brand starts with an understanding of an organization's business strategy. Strategizing for business is not something that is exclusive to the business world. Not-for-profit organizations also have a need for this type of activity, particularly those that are dependent on donations from the general public. The business strategy is aimed at achieving particular consumer behaviour. Only if consumers actually purchase, use goods (more often), pay a higher price or donate (more) will the 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



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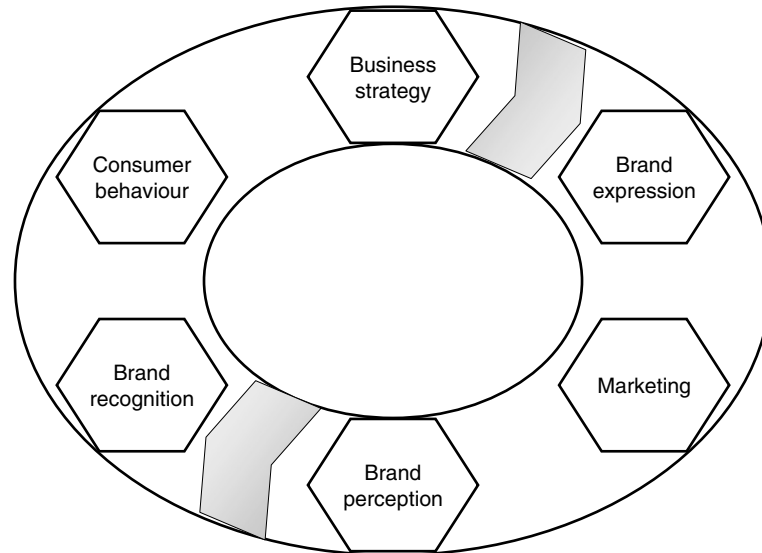
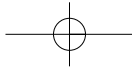


Figure 0.1 *The strategic planning cycle*

the behaviour that will make these objectives come true for the organization. Thus, the influence of business strategy upon brand strategy is direct and compelling.

Then, the brand expression

It is the task of brand management to translate the business strategy into a brand expression. Most brand managers usually consider this to be ‘the brand’ without fully realizing the influences on the brand as it winds its way towards the consumer. However, the brand expression does contain the materials with which brand managers are able to shape their brand. It is imperative to obtain a good understanding of one’s ammunition, so to speak, to determine what kind of battles can be fought with the brand. This means getting a complete view of all the elements of the brand expression, then choosing which to use and emphasize in the brand’s manifestations. It is important to realize that these manifestations do not consist merely of advertising and promotions, but that they encompass the full experience that consumers have of the brand.



Finally marketing

The marketing mix in its turn aims to translate the brand expression 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 a specific service. The influence of the marketing policy is indirect, in that the correct translation of the brand into the marketing mix determines whether consumers are provided with the correct experience of the brand. The marketing implementation consists of 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 sets out to provide. The marketing implementation may make or break a brand at the moment that is of most importance to consumers: for instance when they actually experience the brand through advertising, promotions, purchase, usage, and after-sales service.

It does not end there

Having translated the business strategy into the brand expression, which in turn has guided marketing activities, brand management would seem to have done its job. Managers could be forgiven for leaning back and waiting for well-deserved acclaim to erupt. However, all the hard work put into devising and executing the brand may still flounder on the perception of the brand among consumers. Much of the central argument in this book focuses on how brand perception is influenced not only by the policies and actions of the organization, but also by the lenses through which consumers observe these activities. Understanding which lenses affect the consumer perception of a particular type of brand helps brand management to determine the brand's potential among consumers in a particular market.

The subsequent brand recognition is far more than simple awareness of the brand. It is rather the way in which consumers discriminate (or not as the situation may be) between the brand and competitive brands. In addition, it consists of how consumers see the relationships between the brand and other brands. Other brands may be part of the same organization (such as a master brand or extension brand), but can also be brands that are related through partnership, endorsement, co-branding or as a branded element. These forms of brand recognition are also considered by consumers through particular lenses that need careful consideration.

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Finally, the brand must be appreciated by consumers to such an extent that they happily part with their money and are satisfied in the process. If this is the case, such behaviour will generally fulfil the business strategy. However, in most cases, the organization’s management will likely see the results as the basis to reassess the assumptions, policies and activities to try to improve performance in one way or another. This starts off a new cycle of planning.

THE BRAND ENVIRONMENT

More factors influence a brand than the business strategy and the subsequent efforts of the organization and its affiliates to bring about the brand, as described in the previous paragraph. A brand operates in an environment consisting of, on the one hand, the elements of the strategic planning cycle, and on the other hand, organizational conventions, competitive forces, market structures, cultural factors, consumer motivation and media attention: the lenses and filters through which consumers perceive and experience the brand. These factors combined constitute the brand environment (see Figure 0.2).

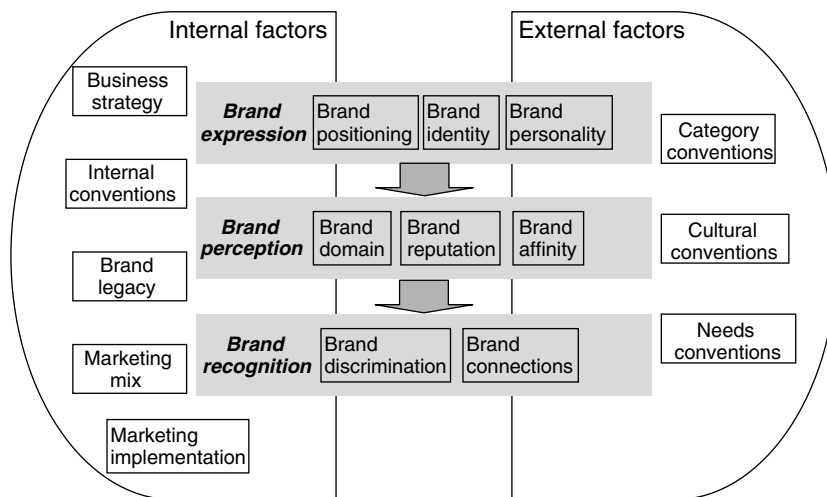
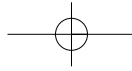


Figure 0.2 The brand environment



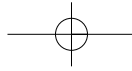
Factors that influence the brand

The brand environment consists of the brand itself – expression, perception and recognition – surrounded by internal and external factors that have an influence on the brand. Only by taking these factors into consideration can management understand the entire brand proposition, and how it is affected in different markets. Some factors affect some brand elements more than others, some types of brands are more sensitive to particular factors, and the effect may vary according to markets and consumer segments.

The problem facing brand managers is how to unravel all these elements and turn their insight into policies that will unlock the full potential of their brand in a particular market, and across multiple markets at the same time. This requires a common framework that can be used across markets in order to obtain equivalence of brand analysis. A framework ensures not only that global brand management talks the same brand language and follows the same procedures as local brand management, but also that it becomes clear which internal or external factors are uniquely influencing to particular societies or even segments of societies.

Global and local brand management

Global brand management needs to understand how various markets compare on these issues in order to determine how best to manage the brand globally. Determining communalities and differences in business strategy, brand expression and marketing provides insight into the extent to which the organization's policies and activities regarding the brand diverge, as well as the causes and rationale for divergence. Doing the same for the situational factors, the brand perception and the brand recognition provides an understanding of the extent to which the brand is perceived differently across markets, and what causes these differences. A complete analysis offers brand management an appreciation of the core elements of the brand, as expressed and perceived around the world. This type of information forms the basis for shared strategizing and planning for the branding process by global, regional and local brand management. Decisions regarding brand extensions, harmonization, rejuvenation, portfolio rationalization, alliances and acquisitions depend on a thorough understanding of a brand and its environment.



THE GLOBAL BRAND PROPOSITION MODEL

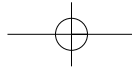
This book introduces a unique framework for equivalent and comparable brand analysis across multiple markets and societies, the global brand proposition model (see Figure 0.3). The model combines the strategic planning cycle with the brand environment into an analysis tool that can be applied both globally and locally. It allows global and local analyses to be linked together seamlessly. The model consists of two main parts, an internal analysis and an external analysis.

The internal analysis

The *internal analysis* is essential for gaining an understanding of how the brand's global and local organizational constructs shape the brand expression or multiple brand expressions, as the case may be. Issues such as business strategy, corporate culture, organizational structures, the brand's significance to the organization and the relationships between global and local brand management teams all play a role in shaping brand expression elements. These individual elements, in their turn, should guide global and local marketing activities. The way the brand defines its advantages over competition, its legacy and principles and its character have a specific influence on issues such as product and service development, channel choice, advertising, staff demeanour, delivery and supply chain management. Most important is to gain an understanding on how well these processes connect up in order to provide consumers with the required brand experience. Although there is a certain hierarchy between the processes analysed, it may well transpire that a requirement in a lower order process compels a change in a higher order process. For example, to realize a specific brand expression may require a rethink of the organizational structure by which the brand is managed.

The external analysis

The *external analysis* focuses on how local conditions act as lenses through which consumers – or particular consumer segments – observe the brand, and how these circumstances affect consumers' understanding of the brand by itself, and in relation to other brands. Specific situational factors affect brand perception elements in a particular manner, thereby influencing brands that are perceived as being especially adept at individual elements. The resulting brand recognition relates the perception of the



brand to those in its environs, both competitive brands and related brands, either brands within the same organization or others that provide enhancement to the brand.

The findings from the external analysis provide new input for the internal analysis. The analysis of the brand perception, in particular, provides a starting point for further strategic planning. As the brand perception holds the meaning and significance of the brand to consumers, it is the main area that global and local brand management will want to influence. As a result, the model functions as a constant and consistent feedback loop. Each iteration of the process will help refine or redefine global and local brand propositions.

THE ROAD MAP

This book largely follows the structure of the global brand proposition model. This helps the reader to understand the flow of the analysis process, and also clearly defines the setting of the analysis. However, this book is not intended as a manual on how to do global brand strategy. Rather, the intention is to provide the reader with an understanding of the issues he or she is faced with when dealing with a brand in a global context. In addition, the book provides insight into the connections between various business processes and their subsequent interpretation by consumers, viewing these activities from their own local standpoints.

Part I: The organization, brand expression and marketing

The first part of this book discusses the internal analysis, and consists of three chapters dealing with the global branding context, and the analyses of the organization, the brand expression and marketing. This section examines globalization and its impact on branding, as well as how organizations shape their brands through their policies, cultures, structures and actions. An appreciation of how these differ between global and local brand management, and vary from country to country, lays the foundation for a global brand strategy.

The Preface provides a short discussion of the phenomenon of globalization: the increasing economic, social, technological, regulatory and political interaction between societies across large parts of the globe. This process is not new, but the pace at which globalization develops certainly intensified during the final decades of the past century. The impact of

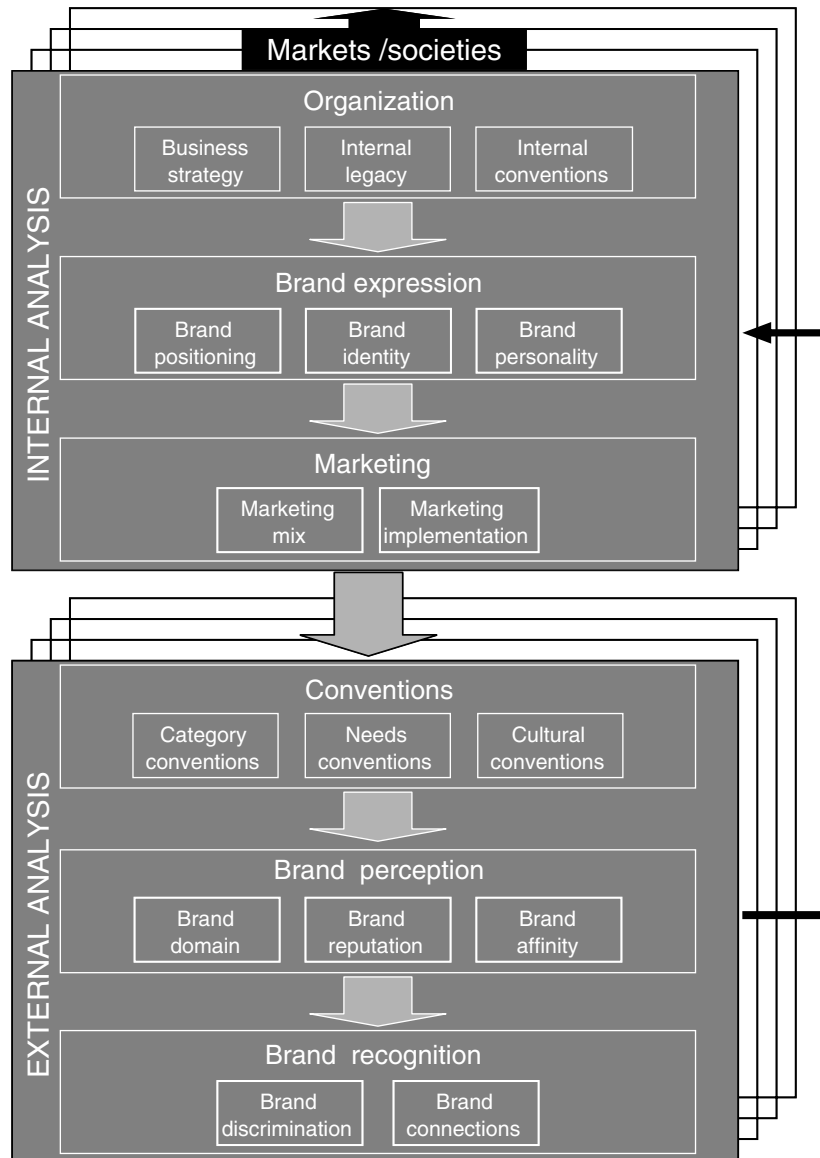
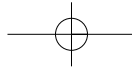


Figure 0.3 *The global brand proposition model*

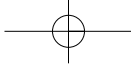
globalization on branding has been profound, and debates about both the assumed superiority and supposed immortality of global brands have flared. This book holds that neither globalization nor branding are inherently good or bad, and that each brand has its own particular potential for extending across countries, cultures and markets.



Chapter 1 delves into the organizational issues relevant to global brand strategy, namely the business strategy, the internal conventions and the internal brand legacy. The business strategy is broken down into its inspiration, justification and substantiation elements. The inspiration of the business strategy consists of a view on the future of the business in terms of vision, mission and ambition. The justification of the business strategy is concerned with its goals and the soundness of the strategic reasoning. The substantiation of the business strategy deals with the resources, competencies and motivation required to realize the strategy. The internal conventions of an organization can be summed up by the oft-heard phrase 'That's how we do things around here'. Internal conventions have to do with the organization's culture, structures, systems, routines and practices. These conventions can be formalized through policies and diagrams, but are often non-formalized beliefs, customs, stories, symbols and the like. Finally, the internal brand legacy determines how the brand is regarded by the organization: who founded the brand, its milestones and its role for the organization.

Chapter 2 discusses the brand's expression, and introduces three brand constructs that enable management to mould the brand, namely brand positioning, brand identity and brand personality. This trio can be considered the prime materials for shaping the manifestation of the brand. Positioning is about being different and better than the competition. Identity is what the brand stands for and where it comes from. Personality is what the brand wants to be liked for. These constructs will differ between brands in terms of their availability and richness, and for the same brand they may also differ between countries. It is, however, essential that the brand expression that is created is congruent with the objectives of the business strategy.

Chapter 3 is the last chapter in this section, with marketing being the final activity an organization undertakes to set the brand loose on the public. This chapter deals with the policy making of marketing as well as its execution. Both are essential to generate the required consumer experience and the subsequent behaviour that the business strategy set out to achieve. Both marketing planning and the implementation deal with the products or services that are offered by the brand, their pricing, their promotion, their distribution and their servicing. However, the distinction between the two activities is that defining the marketing mix still largely deals with intangibles, while implementation makes the offer concrete to consumers. At these so-called customer touch points, the brand experience is brought to life. Both marketing policy and implementation can differ from region to region and from country to country because of local circumstances, and thus affect the brand's manifestations.

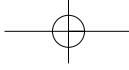


Part II: Conventions, brand perception and brand recognition

The second part of the book considers the external analysis. In other words, it looks at what happens to the brand once it is set loose on the public. A brand's management can have painstakingly devised a brand expression and can have methodically managed the marketing, planning and execution activities, still to find that the brand is not understood by consumers as was intended. The same brand may be perceived in totally different ways by consumers around the globe, because of various local circumstances. It is therefore imperative for brand management to know how the brand is perceived, what external factors are affecting the brand, and what this means for fulfilling the brand's potential.

This is generally the most demanding part of global branding, and getting it right can mean the difference between success and failure. This section, therefore, goes into quite a lot of detail. It considers the factors that are outside the direct control of global and local brand managers, but that they can try to understand and learn to work with. In many ways this is the core section of the book, because it describes and analyses the parameters within which the brand's potential can be unleashed. The extent to and the manner within which this can be achieved are unique to each and every brand. Nevertheless, there are sufficient communalities to allow us to identify the external factors that impact most on particular types of brands.

This part of the book contains five chapters. Chapter 4 introduces three kinds of situational factor that brand management will encounter in any marketplace, namely category, needs and cultural conventions. These conventions are discussed in considerable detail to assist the reader in understanding them. The effects of these conventions on the various elements of the brand perception are discussed in the next three chapters. Chapter 5 examines the brand domain, the perceived offer to consumers by the brand in terms of what goods and services the brand provides, how it communicates with consumers, where the goods and services can be obtained, and what solutions the brand provides to consumers. Chapter 6 considers the brand reputation, or the way consumers perceive the brand's background, its achievements and the company the brand keeps. Chapter 7 examines the brand affinity, or the motivations of consumers for feeling an attachment to or affection for the brand. This affinity can be based on various kinds of binding factor, ranging from purely practical efficacy to arousing sentiments and passions rooted in national pride, ethical principles, compassion, involvement and the like. Chapter 8 deals with the resulting brand recognition, with a discussion on how a brand relates to competing and non-competing brands in the eyes of consumers.



Part III: Typical global brand strategy issues

The first two sections of the book are – by necessity – rather preparatory, because it is imperative to identify and understand all the issues that go into developing a global brand strategy, as well as to appreciate how these aspects interact to ultimately shape a brand experience for consumers. The last part of this book attempts to illustrate the use of the global brand proposition model with typical global brand strategy issues. Chapter 9 looks into the difficulties of taking a brand global, discussing the issues that brand management faces when introducing a brand in one or more foreign countries. Chapter 10 examines the issue of harmonizing a global brand, dealing with the opportunities and difficulties that accompany the (partial) standardization of a brand in multiple countries. Chapter 11 considers how to extend a global brand, examining the concerns surrounding the introduction of product and service extensions to an existing global brand. Finally, Chapter 12 deals with the issues of creating a global brand from scratch, examining how new global brands are created, sometimes seemingly overnight.

This last part of the book demonstrates how the unique approach described in this book can be applied to a number of typical strategic global brand management issues. In practice, the situations will inevitably differ from the ones described in these chapters. However, the purpose of this section is to familiarize the reader with the methodology and illustrate its application.

