



---

Real Differences between Local and International Brands: Strategic Implications for International Marketers

Author(s): Isabelle Schuiling and Jean-Noël Kapferer

Source: *Journal of International Marketing*, Vol. 12, No. 4 (2004), pp. 97-112

Published by: [American Marketing Association](#)

Stable URL: <http://www.jstor.org/stable/25048993>

Accessed: 14/10/2013 02:09

---

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



American Marketing Association is collaborating with JSTOR to digitize, preserve and extend access to *Journal of International Marketing*.

<http://www.jstor.org>

# Executive Insights: Real Differences Between Local and International Brands: Strategic Implications for International Marketers

*In the current context of globalization, firms have concentrated their efforts on the development of international brands. As a result, international brand portfolios have been restructured, and many successful local brands have been eliminated. This article's objective is to improve the understanding of local brand differences and competitive advantages relative to international brands. To achieve this, the authors reanalyzed the Young & Rubicam database Brand Asset Valuator and examined more than 744 brands across the four largest countries in Europe: the United Kingdom, Germany, France, and Italy. The authors discuss the managerial implications of the findings for international marketers as they develop their ideal international brand portfolios.*

Consistent with current trends in globalization, many international companies have moved from a multidomestic marketing approach to a global marketing approach. This move to global marketing has had a major impact on company branding strategies. During the past few years, international companies have concentrated their efforts on the development of international brands. For example, Unilever is in the process of eliminating 1200 brands from its brand portfolio to concentrate on 400 brands. Procter & Gamble (P&G) has kept 300 brands, after selling many of its local brands. L'Oréal has built its success on 16 worldwide brands. Nestlé has given priority to its 6 strategic worldwide brands, including Nescafé and Buitoni, and Mars has invested mainly in global brand names.

In this context, firms' focus on the development of international brands has had a negative impact on local brands. Many brands have been eliminated from international brand portfolios. This trend has been found not only in the fast-moving consumer goods sector but also in many other types of industry, including banking, insurance, oil, and retailing. It might be questioned whether the elimination of these local brands represents a lost opportunity for international companies. Strong local brands have traditionally benefited from a high level of awareness in their countries. Consumers have developed close relationships with local brands over the years, and this represents solid marketing investment in their home markets.

## ABSTRACT

---

---

**Isabelle Schuiling  
and Jean-Noël  
Kapferer**

*Submitted December 2003  
Accepted July 2004*

© *Journal of International Marketing*  
Vol. 12, No. 4, 2004, pp. 97–112  
ISSN 1069-031X

Both academics and practitioners have focused on the development of international and global brands (Boddewyn, Soehl, and Picard 1986; Buzzell 1968; Craig and Douglas 2000; Levitt 1983; Quelch and Hoff 1986; Wind 1986). As such, little work has been done to study the specifics of local brands. Several articles have mentioned the existence of local brands (de Chernatony, Halliburton, and Bernarth 1995; Douglas, Craig, and Nijssen 2001; Halliburton and Hünenberg 1993; Kapferer 2000, 2002), but no in-depth research has been conducted on their success compared with that of international and global brands.

However, international managers confront difficult questions when developing the ideal international brand portfolio (Douglas, Craig, and Nijssen 2001). They must decide not only how to build their international brands but also which local brands to build, which to eliminate, which to sell, and even which to assimilate under an international brand name. These are important decisions that significantly influence any company's success.

Therefore, it is particularly useful to develop further understanding of local brands relative to international brands in the current globalization context. To achieve this, we conducted exploratory research that covers two phases. The first phase consisted of interviews with international marketers, and the second phase involved conducting an analysis of Young & Rubicam's (Y&R's) extensive brand database, Brand Asset Valuator.

Our objective in this article is to better understand the real differences between local and international brands. We first discuss recent perspectives on local and international brand development and identify the strategic advantages of local brands compared with international brands. We then evaluate the differences in brand equity between local and international brands. Last, we conclude by highlighting the implications of these findings for international marketers.

---

---

## PERSPECTIVES ON LOCAL AND INTERNATIONAL BRAND DEVELOPMENT

We define *local brands* as brands that exist in one country or in a limited geographical area (Wolfe 1991). Such brands may belong to a local, international, or global firm. We define *international brands* as brands that have globalized elements of the marketing strategy or mix. In a more radical sense, *global brands* are defined as brands that use the same marketing strategy and mix in all target markets (Levitt 1983).

---

---

### Global Brand Development

The debate on global marketing is not new, and the topic has been a subject of research for more than 30 years (Boddewyn, Soehl, and Picard 1986; Buzzell 1968; Craig and Douglas 2000; Douglas and Wind 1987; Huszagh, Fox, and Day 1986; Jain 1989; Levitt 1983; Quelch and Hoff 1986; Sorenson and

Wiechmann 1975). The advantages of moving to international and global brands under a global marketing strategy have frequently been emphasized (Aaker and Joachimsthaler 1999; Buzzell 1968; Kapferer 1992, 2004; Levitt 1983; Onkvisit and Shaw 1989).

A key advantage of globalization is firms' opportunity to benefit from strong economies of scale. It is well-known that a standardized brand can generate significant cost reductions in all areas of the business system, including research and development, manufacturing, and logistics. The shift to a single global brand name also provides substantial savings in packaging and communication costs (Bartlett and Ghoshal 1986; Buzzell 1968; Craig and Douglas 2000; Levitt 1983; Porter 1986). Multinational corporations have leveraged these economies of scale to gain major competitive advantages in worldwide markets (Douglas and Wind 1987). Such reductions in costs reduce prices and enhance financial performance. Another advantage is the development of a unique brand image across countries. It is especially important in certain product categories, whose brands target worldwide segments of consumers, such as the affluent and teenager segments (Hassan and Katsanis 1991).

The speed to market for new product initiatives that international brands offer is also important for international companies, which can now launch new product initiatives in the fast-moving consumer goods industry on a regional or global scale within 12 to 18 months. Such a cycle takes much more time when brand strategies are not globalized. Another advantage is the possibility of supporting any global brand with large budgets in the communications area. This is especially important in the context of very high advertising and media costs.

However, we note that the push toward development of international and global brands has been driven more by supply-driven considerations linked to costs than by market considerations. In most cases, consumer preference has not been the primary reason for companies to decide to move to international and global brands (Kapferer 1991, 2004; Terpstra 1987). An example of an international firm that has accelerated its development of global brands since the early 1990s is P&G. Its objective has been to achieve competitive advantage in its markets. The benefits that accrue from such a strategy include significant economies of scale that lead to reduced costs and thus improved financial performance. It is not surprising that P&G's key competitor, Unilever, a strong proponent of a multidomestic marketing approach, announced in 1999 that it would further globalize its operations. The competitive disadvantage of Unilever's approach was illustrated clearly by an example in its fabric softener

business. Unilever competed in Europe under different brand names (Robijn, Coccolino, and Mimosin), whereas P&G had a unique European brand, Lenor, in all countries.

---

---

## Local Brand Development

Neither academics nor practitioners have paid much attention to local brands. Some authors have pointed out the existence of local brands (de Chernatony, Halliburton, and Bernarth 1995; Douglas, Craig, and Nijssen 2001; Halliburton and Hünenberg 1993; Quelch and Hoff 1986) and have discussed their characteristics (Ger 1999; Kapferer 2000, 2002; Schlosser 2002). Other authors have analyzed the impact of local brand names on brand attractiveness in a Chinese context (Francis, Lam, and Walls 2002; Zhang and Schmitt 2001), but to our knowledge, no one has conducted in-depth research to further develop the understanding of local brands.

However, in Europe, there are many more local brands than international brands, though the trend of the proportion of local brands to international brands is diminishing. Although the car, computer, and high-tech industries, among others, are well-known for their strong international brands, many sectors are still characterized by their local brands. In Germany's oil industry, British Petroleum acquired the local leader Aral and, in view of its strong brand equity, decided to retain the local brand name. In France, the leading whisky brands are not the well-known J&B or Johnny Walker but the local Label 5, Clan Campbell, and William Peel. In the Czech Republic, Danone did not succeed in imposing its global Lu brand on that market and has had to use the local brand franchise Opavia to develop its business. In Belgium, the leader in the mineral water market is the local leader Spa, and it has shares well above the international leader Evian.

Local brands also represent many years of marketing investment. They are well-known in their markets and often build strong relationships with local consumers over the years. However, strong local brands have essentially been eliminated from multinational brand portfolios, not because they do not represent strong brand franchises locally, but because their relative sales volumes do not permit economies of scale. For example, at the end of the 1990s, P&G considered eliminating the leading detergent, Dash, in Italy and Belgium despite the brand's national institution and extreme profitability in both countries. The company's motivation at the time was that Dash created cost complexities in Europe, where Ariel was the European leader.

---

---

## Strategic Advantages of Local Brand Development

The advantages of firms building international brands are substantial and have an inexorable logic. However, local brands also represent strategic advantages that must be considered. We gathered the data pertaining to the strategic advantages of local brands during the first phase of the

exploratory research. This involved interviewing general managers and marketing directors of ten well-known multinational firms: Unilever, Nestlé, P&G, Coca-Cola, Reckitt Benckiser, Sara Lee, Campbell Food, Bacardi-Martini, Kraft Jacobs Suchard, and Inbev (formerly Interbrew). We discuss the advantages of maintaining local brands next.

*Better Response to Local Needs.* A local brand can be designed to respond to the local market's specific needs. Local brand products have more flexibility than international brands, so they can be developed to provide answers to local consumers' particular needs. That is, local branding can not only provide a unique product but also select its positioning and generate an advertising campaign that reflects local insights. In contrast, an international brand must satisfy the largest number of consumers across markets, and thus they often represent the largest common denominator from both the product's and marketing's perspectives.

*Flexibility of Pricing Strategy.* Pricing strategies for local brands can be more flexible and thus can take advantage of a brand's strength in specific local markets. There is also no risk of parallel imports because the brand is not linked to a regional pricing strategy. Such flexibility can lead to increased profits because prices can be fixed at higher levels. In contrast, international brands must remain within a particular pricing corridor, because comparisons can be easily made across territories. This is especially true in Europe, following the introduction of the Euro.

*Possibility of Responding to Local or International Competition.* A local brand can be used to respond to local or international competition or even to compete against retailer brands. A local brand can be repositioned and the marketing mix adapted accordingly. In contrast, the marketing strategy for an international brand must follow a predefined regional or global marketing strategy.

*Possibility of Balancing a Portfolio of Brands.* An international portfolio that mostly comprises international and global brands can be powerful, but it also presents risks. A problem that arises with one mega brand in a particular country can have a negative impact on a worldwide basis. This was illustrated in 1998 by the example of Coca-Cola in Belgium. Some consumers became sick after drinking a particular batch of the product. The news circulated quickly and globally, and it had a negative impact on Coca-Cola's brand image. The international media, including the Internet, is now able to diffuse news and information instantly around the world. Another example is the case of Perrier, which had problems with water purity when benzene was detected in the product. The U.S. Perrier business has never fully recov-

ered from this incident. A lesson that can be learned from these examples is that a brand portfolio with both strong local and strong international brands is in a better position to manage risk on a worldwide basis.

*Possibility of Responding to Needs Not Covered by International Brands.* To benefit from economies of scale, international brands must cover similar segments in many markets. Profitable segments of the markets that are unique to certain countries can still represent attractive opportunities for local brands.

*Possibility of Fast Entry into New Markets.* A company that acquires a local brand also acquires a way to enter a market directly without further large investment. This strategy has been used frequently in the past. For example, Inbev has become the number-one brewer in the world by aggressively acquiring local leaders over the past ten years. Separately, interviews of international marketers revealed that strong local brands benefit from awareness and brand equity. Local brands also develop close relationships with consumers over time, which leads to a high brand trust.

It is clear that local brands also represent important disadvantages, which by and large are linked to cost. The relatively small volumes of products that local brands sell prevent the brands from generating significant economies of scale in the product or marketing areas.

---

## **Brand Equity of Local and International Brands**

We have noted the strategic advantages of international and local brands, but it is also useful to identify the particularities of their brand equities in terms of awareness level and brand image (Kapferer 1991; Keller 1998). The literature on international and global brands has provided some indications of the importance of brand equity. For international and global brands, research shows that perceived brand globalness could create consumer perceptions of brand superiority (Kapferer 1992, 2004; Shocker, Srivastava, and Ruekert 1994). Research also confirms that quality is among the most important factors that drive consumer preference for global brands (Holt, Quelch, and Taylor 2003; Steenkamp, Batra, and Alden 2003).

In addition to quality, international and global brands have been associated with high prestige or status (Batra et al. 2000; Kapferer 1992). Recent empirical studies have demonstrated that prestige is the second factor driving global brand preference (Holt, Quelch, and Taylor 2003; Steenkamp, Batra, and Alden 2003). In contrast, some studies have shown that consumers may prefer brands with local connections, and some argue that there is no intrinsic consumer preference for international and global brands (De Mooij 1998).

No research has been conducted on the understanding of local brand equity. Country-of-origin research provides some general indications of brand equity on local brands, when the product's country of origin is emphasized. Such studies reveal that country of origin has an impact on consumers' evaluations of the products (Han and Terpstra 1988; Hong and Wyer 1989; Johansson, Douglas, and Nonaka 1985; Samiee 1994; Schooler 1971). Researchers have also found that consumers tend to evaluate local products more highly than foreign products (Bilkey and Nes 1982; Han 1989; Kaynak and Cavusgil 1983; Nagashima 1977; Schooler 1971), though this bias varies across consumer segments and countries (Heslop and Papadopoulos 1993; Shimp and Sharma 1987). Some authors have shown that consumers prefer brands that they perceive as originating from a nonlocal country, especially from Western countries, more than they do local brands and that preference is linked not only to perceived quality but also to social status (Alden, Steenkamp, and Batra 1999).

To make use of our information sources, we next evaluate the difference in awareness and brand image attribute, in particular the attributes of quality, prestige, and trust. We conducted a second phase of the exploratory research on the basis of the secondary analysis of the Y&R worldwide brand database Brand Asset Valuator. The original Y&R database covered 44 countries worldwide and 20,000 brands. Three waves of interviews have been conducted since the database was created in 1993, and more than 230,000 respondents have been surveyed to date.

From this database, we selected a sample of 12 product categories in the food sector (see Table 1). They represent 744 different brand units covering the four largest European countries: the United Kingdom, Germany, France, and Italy. A total of 397 brands (53%) are local, and 347 (47%) are international, as Table 2 indicates. A total of 9739 people were interviewed from 1999 to 2000. The database is extremely rich in terms of available data, and thus we were able to analyze the data on awareness, brand image (48 image criteria were available to consumers to evaluate each brand), and brand usage. There were also a relatively high number of respondents from the total database (9739) and from the countries under consideration (3460 from Germany [36%], 2474 from the United Kingdom [25%], 1915 from France [20%], and 1890 from Italy [19%]).

We selected the food sector because it covers many product categories that offer different levels of globalization. For example, the alcohol and chewing gum categories have a majority of international brands at 60% and 56%, respectively. In contrast, the beer and mineral water categories have

---

---

## EXPLORATORY ANALYSIS OF THE Y&R DATABASE

Table 1.  
Brands per Product Category

Product Category	Number of Brands	Number of Local Brands (% of total)	Number of International Brands (% of total)
1. Alcohol	153	61 (40%)	92 (60%)
2. Chocolate	124	53 (43%)	71 (57%)
3. Beer	119	70 (59%)	49 (41%)
4. Yogurt	72	45 (63%)	27 (37%)
5. Mineral water	45	26 (58%)	19 (42%)
6. Frozen goods	38	24 (63%)	14 (37%)
7. Chewing gum	36	16 (44%)	20 (56%)
8. Fruit juice	36	29 (81%)	7 (19%)
9. Coffee	36	25 (69%)	11 (31%)
10. Ice cream	34	17 (50%)	17 (50%)
11. Soup	26	12 (46%)	14 (54%)
12. Pasta	25	19 (76%)	6 (24%)
TOTAL	744	397 (53%)	347 (47%)

Table 2.  
Brands per Country

Total	Number of Brands	Number of Local Brands (% of total)	Number of International Brands (% of total)
All countries	744	397 (53%)	347 (47%)
France	172	74 (43%)	98 (57%)
Germany	226	139 (62%)	87 (38%)
Italy	177	108 (61%)	69 (39%)
United Kingdom	169	76 (45%)	93 (55%)

a majority of local brands, at 59% and 58%, respectively, according to the database. Moreover, there are many global, international, and local players in this industry. Unilever, Nestlé, Mars, and Kraft Jacobs Suchard are good examples of international and global firms, and strong local players are still present in key local markets.

Note that though the food sector was linked fully to local traditions and cultures at one time, this situation has now changed, as indicated by the rapid development of many international brands in this sector, including Nestlé, Danone, Evian, Barilla, Nutella, and Kraft. Products that reflect local traditions have gradually been replaced by products that apparently satisfy the largest number of consumers. This tendency has also been driven by the concentration in the retailing industry. Logically, international brands that belong to international players are given preference; retailers have a major impact on deciding which brands are displayed on supermarket shelves.

First, our analysis of the database shows that the awareness level of local brands (85%) is significantly higher than that of international brands (73%), in confirmation of the results from the first phase of interviews. This points to a significant advantage for local brands; this awareness level might be related to the number of years that brands have been in the market.

Second, the analysis of the brand image, based on the 48 different brand attributes available in the database, shows that the perception of quality is as high for local brands as it is for international brands (25.3% versus 24.3%), as Table 3 indicates. There is no significant difference between either group of brands. Note that of the 48 available attributes, quality is the most important attribute selected by consumers.

Third, the image of trust is significantly stronger for local brands than for international brands (22.1% versus 17.9%). This also confirms the findings of the first phase of interviews of international marketers. Trust is a key brand equity element (Aaker 1991; Kapferer 1991); that is, brands exist because of the trust they convey to consumers.

Fourth, value is also perceived as an important attribute for local brands, as is indicated by the significantly higher value rating for local brands (18.8%) than for international brands

---



---

## RESULTS OF THE Y&R DATABASE

Variables	Local Brands (%)	International Brands (%)
High quality	25.3	24.3
Trustworthy	22.1	17.9*
Good value	18.8	16.8*
Simple	18.6	17.2
Down to earth	15.7	14.7*
Friendly	15.4	14.4
Traditional	15.1	12.7*
Trendy	14.0	14.5
Healthy	15.6	11.4*
Original	13.6	13.3
Reliable	22.1	17.9*
Distinct	12.6	12.8
Social	12.5	12.2
Kind	11.7	12.2
Authentic	10.4	10.1
Fun	9.8	11.3*
Sensual	11.2	9.3
Prestigious	6.9	7.4

\*Significant difference between international and local brands,  $p < .05$ .

---

Table 3.  
Comparison of Means on a  
Selection of Image Variables

(16.8%). This might be linked with the fact that prices of local brands are usually lower than those of international brands, providing consumers a sense of better value for the money.

Fifth, local brands are also perceived as more “down to earth” than international brands. This conveys the idea that local brands offer a more basic/no frills brand proposition. The study also indicates that local brands are perceived as more traditional (15.1%) than international brands (12.7%). This is quite logical, because local brands are linked more to local traditions and local cultures than international brands are.

Sixth, the results also indicate that local brands (22.1%) benefit more from a significantly stronger image of reliability than do international brands (17.9%). This attribute is closely correlated in the database with the trustworthy attribute, confirming this strong advantage for local brands. The results also indicate that there is no significant difference between the perception of prestige for international brands (7.4%) and that for local brands (6.9%). The relatively low level of this attribute for both international and local brands is surprising in the case of international brands, as this was not identified in previous research on global brands (Holt, Quelch, and Taylor 2003; Steenkamp, Batra, and Alden 2003).

The database also provides information on the usage of local and international brands. The results show higher ratings for local brands (42.9%) than for international brands (37.4%), as Table 4 indicates. Note that the usage intention figures indicate a different pattern; ratings are slightly higher for international brands (47.5%) than for local brands (46.0%). This might indicate that consumers are attracted to international brands but that, in reality, they prefer to purchase local brands. The identified value advantage of local brands could explain the difference between usage and usage intention. A relatively lower value rating for international brands could keep people from buying the brands they would have liked to buy.

We also conducted a factor analysis on the 48 image variables and identified 9 factors. To evaluate the reasons consumers use local brands, we performed a regression analysis with usage as the dependant variable; this produced a signif-

Table 4.  
Comparison of Usage and  
Usage Intention

Variables	Local Brands (%)	International Brands (%)
Usage	42.9	37.4*
Usage intention	46.0	47.5

\*Significant difference between international and local brands,  $p < .05$ .

icant percentage of explained variance (76.9%). Two factors, trust and basic/no frills, interacted significantly with the indicator variables (local brand and international brand), at a significance level of 5%. This confirms that consumers perceive local brands to be more trustworthy and to offer a more basic/no-frills brand proposition than international brands.

For an international company, international and global brands provide many indisputable advantages. In the current context of market globalization, it is sensible for firms to accelerate the development of these power brands. Because of their size, international and global brands create barriers to entry, benefit from having a unique image worldwide, and generate important economies of scale that are financially attractive.

However, application of a strong global marketing approach can create risks that international marketers must consider (Schuiling 2001). International companies usually use centralized strategies to develop their powerful global brands. Therefore, such companies have less intimate relationships with local markets and take a long time to react to problems when they arise. For example, Coca-Cola changed its strategy when it found that its structure had become too cumbersome and that it was insensitive to local markets. In 2000, the company decided to return to a more multidomestic marketing approach and to give more freedom to local subsidiaries. Local teams are now permitted to develop advertising to local consumers and, on the basis of local knowledge, can even launch new local brands. Thus, over the past two years, local subsidiaries have launched many local brand initiatives.

Even P&G, the strong advocate of global marketing, was forced to understand the limits of its strategy. As we mentioned previously, in 2000 in Belgium, P&G tried to replace the leading local and very profitable detergent Dash brand with the European-wide Ariel brand. For nine months, P&G discontinued advertising Dash, an inconceivable move for this type of business. In the wake of this, because P&G's results in the detergent category were so poor, it was forced to renew marketing support for Dash. It also reopened some local subsidiaries that it had closed to reduce costs. Because P&G had put distance between itself and the local consumers, its business suffered. We recommend that international firms maintain close contact with the realities of the local market by communicating with local experts who know local consumers, even if there is an extra cost element associated with doing so.

We have also shown that, in addition to international brands, local brands can offer strategic advantages that international

---

---

## CONCLUSION AND MANAGERIAL IMPLICATIONS

marketers should consider. Local brands provide firms greater strategic flexibility in many marketing areas. First, they offer a product that can better respond to the specific needs of local consumers. This is in contrast to international brands that must deliver a standardized product to satisfy the largest possible number of consumers. Firms can select the correct positioning for a specific market, taking existing local and international competitors into account. They can adopt specific pricing without being influenced by a global pricing strategy. They can also introduce new markets quickly and with minimum marketing investment through the acquisition of a successful local brand.

Second, local brands can help minimize the risk represented by a portfolio that contains a majority of international brands. We believe that academics and practitioners have not sufficiently emphasized the need for risk management in this situation. Therefore, we recommend that international marketers encourage the development of international brand portfolios that combine a balanced number of both strong local and international brands.

Our exploratory research on the Y&R database indicates that local brands benefit from strong brand equity. In particular, local brands benefit from higher consumer awareness than international brands do, and they enjoy a strong brand image. They benefit not only from a good quality image but also from a better value and trust perception than international brands do. We find that trust is an important advantage for local brands, because it provides a unique relationship with consumers that takes years to develop; it is not linked to any particular level of investment. It is doubtful that an international brand could reproduce such a unique relationship with consumers, even after substantial investment in marketing. Thus, we recommend that international marketers leverage the advantage of trust that local brands have succeeded in building with local consumers.

At a time when product differentiation is more difficult to achieve, strong brands are essential differentiating assets. International firms should take into account that owning strong local brand franchises represents a key long-term asset. Therefore, we recommend that companies not eliminate local brands on the basis of short-term financial considerations but that they consider the substantial long-term advantage of owning brands with strong equity, even at the local level.

In support of this recommendation, recent examples illustrate that some multinational firms have begun to recognize the virtues of local brands. Through its actions, Unilever has acknowledged that trust is essential to develop brands in the

food sector. In its ice cream business, Unilever has kept the best-known local brand names, such as Miko in France, Wall's in the United Kingdom, and Agnesi in Italy, while globalizing logos, products, and new concepts, such as Magnum and Solero. Even in the traditionally globalized cosmetic business, L'Oréal has discovered that local brands have the power to retain clients. In globalizing the U.S. Maybelline brand, L'Oréal has pursued a double-branding strategy, in which Maybelline is the host brand and another name is the local brand. For example, the company markets Gemey-Maybelline in France and Jade-Maybelline in Germany.

We also recommend that in their strategies, international firms acknowledge the recent trends toward more regionalism in the different parts of the world, including Europe, and account for the effects of the antiglobalization movement. It might be critical for international firms to offer more diversity in their brand portfolio to avoid overloading consumers with the same international brands in all categories everywhere. This is another argument for a company brand portfolio to maintain a balance of both strong local and international brands.

Finally, to create a source of new ideas, international companies should encourage the development of new local brands. As we mentioned previously, Coca-Cola has granted local teams the right to develop new local brands, which is a powerful way to generate new ideas. These new local brands could be transformed into successful international brands at a later point. In addition, firms' providing local marketing teams the opportunity to build local brands has an impact on the teams' motivation and skill level. Thus, we recommend that international marketers encourage local teams to develop new local brands as a source of new ideas.

In summary, if international companies eliminate strong local brands, they might be throwing away opportunities. Strong local brands represent strategic advantages that are worth consideration, and they enjoy strong brand franchises that are real assets for any company. When brands are eliminated from their market, it is difficult to relaunch them successfully. Therefore, there are many reasons to encourage the development of brand portfolios that contain a balanced mix of strong local and international brands.

Aaker, David A. (1991), *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: The Free Press.

——— and Erich Joachimsthaler (1999), "The Lure of Global Branding," *Harvard Business Review*, 77 (November–December), 137–44.

---

---

## REFERENCES

- Alden, Dana L., Jan-Benedict E.M. Steenkamp, and Rajeev Batra (1999), "Brand Positioning Through Advertising in Asia, North America, and Europe: The Role of Global Consumer Culture," *Journal of Marketing*, 63 (January), 75–87.
- Bartlett, Christopher A. and Sumantra Ghoshal (1986), "Tap Your Subsidiaries for Global Reach," *Harvard Business Review*, 64 (November–December), 87–94.
- Batra, Rajeev, Venkatram Ramaswamy, Dana Alden, Jan-Benedict E.M. Steenkamp, and S. Ramachander (2000), "Effects of Brand Local and Non Local Origin on Consumer Attitudes in Developing Countries," *Journal of Consumer Psychology*, 9 (2), 83–95.
- Bilkey, Warren J. and Erik Nes (1982), "Country of Origin Effects on Product Evaluation," *Journal of International Business Studies*, 8 (1), 89–99.
- Boddewyn, Jean J., Robin Soehl, and Jacques Picard (1986), "Standardization in International Marketing: Is Ted Levitt in Fact Right?" *Business Horizons*, 29 (November–December), 68–75.
- Buzzell, Robert D. (1968), "Can You Standardize Multinational Marketing?" *Harvard Business Review*, 46 (November–December), 102–113.
- Craig, Samuel C. and Susan P. Douglas (2000), "Configural Advantage in Global Markets," *Journal of International Marketing*, 8 (1), 6–21.
- De Chernatony, Leslie, Chris Halliburton, and Ratna Bernarth (1995), "International Branding: Demand or Supply Driven Opportunity?" *International Marketing Review*, 12 (2), 9–21.
- De Mooij, Marieke (1998), *Global Marketing and Advertising*. Thousand Oaks, CA: Sage Publications.
- Douglas, Susan P., Samuel C. Craig, and Edwin J. Nijssen (2001), "Integrating Branding Strategy Across Markets: Building International Brand Architecture," *Journal of International Marketing*, 9 (2), 97–114.
- and Yoram Wind (1987), "The Myth of Globalization," *Columbia Journal of World Business*, 22 (Winter), 19–29.
- Francis, June N.P., Janet P.Y. Lam, and Jan Walls (2002), "The Impact of Linguistic Differences on International Brand Name Standardization: A Comparison of English and Chinese Brand Names of *Fortune*-500 Companies," *Journal of International Marketing*, 10 (1), 98–116.
- Ger, Guliz (1999), "Localizing in the Global Village: Local Firms Competing in Global Markets," *California Management Review*, 41, 64–84.
- Halliburton, Chris and Reinhard Hünnerberg (1993), "Pan-European Marketing: Myth or Reality?" *Journal of International Marketing*, 1 (3), 243–49.
- Han, C. Min (1989), "Country Image: Halo or Summary Construct?" *Journal of Marketing Research*, 26 (May), 222–29.
- and Vern Terpstra (1988), "Country of Origin Effects for Uni-National and Bi-National Products," *Journal of International Business Studies*, 19 (Summer), 235–55.

- Hassan, Salah S. and Lea Pravel Katsanis (1991), "Identification of Global Consumer Segments: A Behavioural Framework," *Journal of International Consumer Marketing*, 3 (2), 11–29.
- Heslop, Louise A. and Nicolas Papadopoulos (1993), "But Who Knows Where or When: Reflections on the Images of Countries and Their Products," in *Product-Country Images: Impact and Role in International Marketing*, N. Papadopoulos and L. Heslop, eds. New York: International Business Press (Haworth), 39–75.
- Holt, Douglas, John Quelch, and Earl Taylor (2003), "Managing the Transnational Brand: How Global Perceptions Drive Value," working paper, Harvard Business School.
- Hong, Sung-Tai and Robert S. Wyer (1989), "Effects of Country-of-Origin and Product-Attribute Information Processing Perspectives," *Journal of Consumer Research*, 16 (2), 175–87.
- Huszagh, Sandra, Richard J. Fox, and Ellen Day (1986), "Global Marketing: An Empirical Investigation," *Columbia Journal of World Business*, 21 (4), 31–44.
- Jain, Subhash C. (1989), "Standardization of International Marketing Strategy: Some Research Hypothesis," *Journal of Marketing*, 53 (January), 70–79.
- Johansson, Johnny K., Susan P. Douglas, and Ikujiro Nonaka (1985), "Assessing the Impact of Country of Origin on Product Evaluations: A New Methodological Perspective," *Journal of Marketing Research*, 5 (August), 175–87.
- Kapferer, Jean-Noël (1991), *Strategic Brand Management*. New York: The Free Press.
- (1992), "How Global Are Global Brands?" in *ESOMAR Conference Proceedings: The Challenge of Branding Today and in the Future*. Brussels, Belgium: ESOMAR, 199–215.
- (2000), "In Defense of Local Brands," *Market Leader*, 9 (Summer), 39–42.
- (2002), "Is There Really No Hope for Local Brands?" *The Journal of Brand Management*, 9 (January), 48–54.
- (2004), *The New Strategic Brand Management*. London and New York: Kogan Page.
- Kaynak, Erdener and S. Tamer Cavusgil (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do They Vary Across Product Classes?" *International Journal of Advertising*, 2 (1), 147–57.
- Keller, Kevin Lane (1998), *Strategic Brand Management: Building, Measuring and Managing Brand Equity*. Upper Saddle River, NJ: Prentice Hall.
- Levitt, Theodore (1983), "The Globalization of Markets," *Harvard Business Review*, 61 (May–June), 92–108.
- Nagashima, Akira (1977), "A Comparative 'Made in' Product Image Survey Among Japanese Businessmen," *Journal of Marketing*, 41 (Summer), 95–100.
- Onkvisit, Sak and John J. Shaw (1989), "The International Dimension of Branding: Strategic Considerations and Decisions," *International Marketing Review*, 6 (3), 22–34.

---



---

## THE AUTHORS

**Isabelle Schuiling** is a professor, School of Management, University of Louvain, Belgium (e-mail: schuiling@mark.ucl.ac.be).

**Jean-Noël Kapferer** is a professor, HEC School of Management, Paris (e-mail: kapferer@hec.fr).

---



---

## ACKNOWLEDGMENT

The authors thank Young & Rubicam, and in particular Jim Williams, for providing access to its worldwide database.

- Porter, Michael E. (1986), "The Strategic Role of International Marketing," *Journal of Consumer Marketing*, 3 (Spring) 17–21.
- Quelch, John A. and Edward J. Hoff (1986), "Customizing Global Marketing," *Harvard Business Review*, 64 (May–June), 59–68.
- Samiee, Saeed (1994), "Customer Evaluation of Products in a Global Market," *Journal of International Business Studies*, (3rd Quarter), 579–604.
- Schlosser, Anne-Marie (2002), "Marques locales face aux marques internationales," paper presented at Congrès du Marketing en Europe, Paris (June 25–26).
- Schooler, Robert (1971), "Bias Phenomena Attendant to the Marketing of Foreign Goods in the US," *Journal of International Business Studies*, 2 (1), 71–81.
- Schuiling, Isabelle (2001), "Think Local, Act Local: Is it Time to Slow Down the Accelerated Move to Global Marketing?" *European Business Forum*, 5 (Spring), 68–70.
- Shimp, Terence A. and Subhash Sharma (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, 24 (August), 280–89.
- Shocker, Allan D., Rajendra K. Srivastava, and Robert W. Ruekert (1994), "Challenges and Opportunities Facing Brand Management: An Introduction to the Special Issue," *Journal of Marketing Research*, 31 (May), 149–58.
- Sorenson, Ralph Z. and Ulrich E. Wiechmann (1975), "How Multinationals View Marketing Standardization," *Harvard Business Review*, 53 (May–June), 38–137.
- Steenkamp, Jan-Benedict E.M., Rajeev Batra, and Dana L. Alden (2003), "How Perceived Globalness Creates Brand Value," *Journal of International Business Studies*, 34 (1), 53–65.
- Terpstra, Vern (1987), "The Evolution of International Marketing," *International Marketing Review*, 4 (Summer), 47–59.
- Wind, Yoram (1986), "The Myth of Globalization," *Journal of Consumer Marketing*, 3 (Spring), 23–26.
- Wolfe, Alan (1991), "The Single European Market: National of Euro-Brands," *International Journal of Advertising*, 10 (1), 49–58.
- Zhang, Shi and Bernd H. Schmitt (2001), "Creating Local Brands in Multilingual International Markets," *Journal of Marketing Research*, 38 (August), 313–25.