

## ***The lure of Global Branding***

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**Abstract:** Global brand leadership is more important than the building of global brands. The four principles of building that leadership are discussed. Brand builders everywhere think they want global brands. But global brand leadership, not global brands, should be the priority. Successful companies follow four principles to meet that goal.

As more and more companies come to view the entire world as their market, brand builders look with envy upon those that appear to have created global brands – brands whose positioning, advertising strategy, personality, look, and feel are in most respects the same from one country to another. It's easy to understand why. Even though most global brands are not absolutely identical from one country to another - Visa changes its logo in some countries; Heineken means something different in the Netherlands than it does abroad - companies whose brands have become more global reap some clear benefits. Consider for a moment the economies of scale enjoyed by IBM. It costs IBM much less to create a single global advertising campaign than it would to create separate campaigns for dozens of markets. And because IBM uses only one agency for all its global advertising, it carries a lot of clout with the agency and can get the most talented people working on its behalf. A global brand also benefits from being driven by a single strategy. Visa's unvarying "worldwide acceptance" position, for example, is much easier for the company to manage than dozens of country-specific strategies.

Attracted by such high-profile examples of success, many companies are tempted to try to globalize their own brands. The problem is, that goal is often unrealistic. Consolidating all advertising into one agency and developing a global advertising theme often the cornerstone of the effort can cause problems that outweigh any advantages. And edicts from on high "Henceforth, use only brand-building programs that can be applied across countries" can prove ineffective or even destructive. Managers who stampede blindly toward creating a global brand without considering whether such a move fits well with their company or their markets risk falling over a cliff. There are several reasons for that. First, economies of scale may prove elusive. It is sometimes cheaper and more effective for companies to create ads locally than to import ads and then adapt them for each market. Moreover, cultural differences may make it hard to pull off a global campaign: even the best agency may have trouble executing it well in all countries. Finally, the potential cost savings from "media spillover" -- in which, for example, people in France view German television ads -- have

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been exaggerated. Language barriers and cultural differences have made realizing such benefits difficult for most companies.

Second, forming a successful global brand team can prove difficult. Developing a superior brand strategy for one country is challenging enough; creating one that can be applied worldwide can be daunting (assuming one even exists). Teams face several stumbling blocks: they need to gather and understand a great deal of information; they must be extremely creative; and they need to anticipate a host of challenges in execution. Relatively few teams will be able to meet all those challenges. Third, global brands can't just be imposed on all markets. For example, a brand's image may not be the same throughout the world. Honda means quality and reliability in the United States, but in Japan, where quality is a given for most cars, Honda represents speed, youth, and energy. And consider market position. In Britain, where Ford is number one, the company positioned its Galaxy minivan as the luxurious "nonvan" in order to appeal not only to soccer moms but also to executives. But in Germany, where Volkswagen rules, Ford had to position the Galaxy as "the clever alternative." Similarly, Cadbury in the United Kingdom and Milka in Germany have preempted the associations that connect milk with chocolate; thus neither company could implement a global positioning strategy.

For all those reasons, taking a more nuanced approach is the better course of action. Developing global brands should not be the priority. Instead, companies should work on creating strong brands in all markets through global brand leadership. Global brand leadership means using organizational structures, processes, and cultures to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and leverages country brand strategies. That is, of course, easier said than done. For example, companies tend to give the bulk of their brand-building attention to countries with large sales at the expense of emerging markets that may represent big opportunities. But some companies have successfully engaged in global brand management. To find out how, we interviewed executives from 35 companies in the United States, Europe, and Japan that have successfully developed strong brands across countries. (About half the executives were from companies that made frequently purchased consumer products; the rest represented durables, high-tech products, and service brands.)

Four common ideas about effective brand leadership emerged from those interviews. Companies must:

- stimulate the sharing of insights and best practices across countries;
- support a common global brand-planning process; assign managerial responsibility for brands in order to create cross-country synergies and to fight local bias; and
- execute brilliant brand-building strategies.

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## Sharing Insights and Best Practices

A companywide communication system is the most basic element of global brand leadership. Managers from country to country need to be able to find out about programs that have worked or failed elsewhere; they also need a way to easily give and receive knowledge about customers knowledge that will vary from one market to another.

Creating such a system is harder than it sounds. Busy people usually have little motivation to take the time to explain why efforts have been successful or ineffective; furthermore, they'd rather not give out information that may leave them exposed to criticism. Another problem is one that everyone in business faces today: information overload. And a feeling of "it won't work here" often pervades companies that attempt to encourage the sharing of market knowledge.

To overcome those problems, companies must nurture and support a culture in which best practices are freely communicated. In addition, people and procedures must come together to create a rich base of knowledge that is relevant and easy to access. Offering incentives is one way to get people to share what they know. American Management Systems, for example, keeps track of the employees who post insights and best practices and rewards them during annual performance reviews.

Regular meetings can be an effective way of communicating insights and best practices. FritoLay, for example, sponsors a "market university" roughly three times a year in which 35 or so marketing directors and general managers from around the world meet in Dallas for a week.

The university gets people to think about brand leadership concepts, helps people overcome the mind-set of "I am different global programs won't work in my market" and creates a group of people around the world who believe in and understand brands and brand strategy. During the week, country managers present case studies on packaging, advertising, and promotions that were tested in one country and then successfully applied in another. The case studies demonstrate that practices can be transferred even when a local marketing team is skeptical.

Formal meetings are useful, but true learning takes place during informal conversations and gatherings. And the personal relationships that people establish during those events are often more important than the information they share. Personal ties lead to meaningful exchanges down the road that can foster brand-building programs.

In addition to staging meetings, companies are increasingly using intranets to communicate insights and best practices. (Sharing such information by e-mail isn't as effective - there is simply too much e-mail clutter. E-mail is useful, however, for conveying breaking news about competitors or new technology.) The key is to have a team create a knowledge bank on an intranet that is valuable and accessible to those who need it. Mobil, for example, uses a set of best-practice networks to do just that. The networks connect people in the



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company (and sometimes from partner organizations) who are experts on, for example, new product introduction, brand architecture, and retail site presentation. Each network has a senior management sponsor and a leader who actively solicits postings from the experts. The leader ensures that the information is formatted, organized, and posted on an easy-to-use intranet site. Field visits are another useful way to learn about best practices. Honda sends teams to "live with best practices" and to learn how they work. In some companies, the CEO travels to different markets in order to energize the country teams and to see best practices in action.

Procter & Gamble uses worldwide strategic-planning groups of three to 20 people for each category to encourage and support global strategies. The teams have several tasks.

They mine local knowledge about markets and disseminate that information globally.

They gather data about effective country-specific marketing efforts and encourage testing elsewhere. They create global manufacturing sourcing strategies. And they develop policies that dictate which aspects of the brand strategy must be followed everywhere and which ones are up to country management.

Another way that companies can communicate information about their brands is by sharing research. Ford operates very differently from country to country in Europe, but its businesses share research methods and findings. Ford UK, for example, which is very skilled at doing direct mail and research on segmentation, makes its technology and research methods available to other countries. That's especially important for businesses in small markets that are short on budget and staff.

Supporting Global Brand Planning Two years ago, the newly appointed global brand manager of a prominent packaged goods marketer organized a brand strategy review. He found that all the country brand managers used their own vocabularies and strategy templates and had their own strategies. The resulting mess had undoubtedly contributed to inferior marketing and weakened brands. Another packaged-goods company tried to avoid that problem by developing a global planning system. Brand managers weren't given incentives or trained properly to use the system, however, and the result was inconsistent, halfhearted efforts at planning.

Companies that practice global brand management use a planning process that is consistent across markets and products - a brand presentation looks and sounds the same whether it's delivered in Singapore, Spain, or Sweden, and whether it's for PCs or printers. It shares the same well-defined vocabulary, strategic analysis inputs (such as competitor positions and strategies), brand strategy model, and outputs (such as brand building programs).

There is no one accepted process model, but all models have two starting points: it must be clear which person or group is responsible for the brand and the brand strategy, and a process template must exist. The completed template

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should specify such aspects of a strategy as the target segment, the brand identity or vision, brand equity goals and measures, and brand-building programs that will be used within and outside the company.

Although various process models can work, observations of effective programs suggest five guidelines. First, the process should include an analysis of customers, competitors, and the brand.

Analysis of customers must go beyond quantitative market research data; managers need to understand the brand associations that resonate with people. Analysis of competitors is necessary to differentiate the brand and to ensure that its communication program – which may include sponsorship, promotion, and advertising- doesn't simply copy what other companies are doing. And an audit of the brand itself involves an examination of its heritage, image, strengths, and problems, as well as the company's vision for it. The brand needs to reflect that vision to avoid making empty promises.

Second, the process should avoid a fixation on product attributes. A narrow focus on attributes leads to short-lived, easily copied advantages and to shallow customer relationships. Most strong brands go beyond functional benefits; despite what customers might say, a brand can also deliver emotional benefits and help people express themselves. A litmus test of whether a company really understands its brands is whether it incorporates the following elements into the brand strategy: brand personality (how the brand would be described if it were a person), user imagery (how the brand's typical user is perceived), intangibles that are associated with the company (its perceived innovativeness or reputation for quality, for example), and symbols associated with the brand, such as Virgin's Branson, the Coke bottle, or the Harley eagle. A simple three word phrase or a brief list of product attributes cannot adequately represent a strong brand.

Third, the process must include programs to communicate the brand's identity (what the brand should stand for) to employees and company partners. Without clarity and enthusiasm internally about the associations the brand aspires to develop, brand building has no chance. A brand manual often plays a key role. Unilever has a detailed manual on its most global brand, Lipton Tea, that puts the answer to any question about its brand identity (What does the brand stand for? What are the timeless elements of the brand?

What brand-building programs are off target?) at the fingertips of all employees. Other companies use workshops (Nestle), newsletters (Hewlett-Packard), books (Volvo), and videos (the Limited) to communicate brand identity. To engage people in this process, Mobil asked employees to nominate recent programs or actions that best reflected the core elements of the Mobil brand--leadership, partnership, and trust. The employees with the best nominations were honored guests at a car race sponsored by the company.

Fourth, the process must include brand equity measurement and goals.

Without measurement, brand building is often just talk; yet surprisingly few companies have systems that track brand equity. Pepsi is an exception. In the

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mid-1990S, Pepsi introduced a system based on what it calls a "marketplace P&L." The P&L measures brand equity by tracking the results of blind taste tests, the extent of a product's distribution, and the results of customer opinion surveys about the brand. In the beginning, country managers were strongly encouraged--but not required--to use the system. But the value of the marketplace P&L soon become clear, as country managers compared results at meetings and used the shared information to improve their brandbuilding efforts. In 1998, CEO Roger Enrico made the system mandatory a dramatic indication of its value given Pepsi's decentralized culture and the home office's general reluctance to impose companywide rules.

Finally, the process must include a mechanism that ties global brand strategies to country brand strategies. Sony and Mobil, among others, use a top-down approach. They begin with a global brand strategy; country strategies follow from it. A country brand strategy might augment the global strategy by adding elements to modify the brand's identity. For example, if the manager of a Mobil fuel brand in Brazil wants to emphasize that the brand gives an honest gallon (because other brands of fuel in Brazil are not considered reliable in their measurements), he would add "honest measures" to the country brand identity. Or a country brand strategist might put a different spin on an element of the brand's identity. For example, although the term "leadership" may mean "technology leadership" in most countries, the strategist may change it to mean "market leadership" in his or her market. In the top-down approach, the country brand team has the burden of justifying any departures from the global brand strategy.

In the bottom-up approach, the global brand strategy is built from the country brand

strategies. Country strategies are grouped by similarities. A grouping might, for example, be made on the basis of market maturity (underdeveloped, emerging, or developed) or competitive context (whether the brand is a leader or a challenger). While the brand strategy for these groupings will differ, a global brand strategy should also be able to identify common elements. Over time, the number of distinct strategies will usually fall as experiences and best practices are shared. As the number shrinks, the company can capture synergies. Mercedes, for example, uses one advertising agency to create a menu of five campaigns. Brand managers in different countries can then pick the most suitable campaign for their market.

Assigning Responsibility Local managers often believe that their situation is unique -- and therefore, that insights and best practices from other countries can't be applied to their markets. Their belief is based in part on justifiable confidence in their knowledge of the country, the competitive milieu, and the consumers. Any suggestion that such confidence is misplaced can feel threatening. Moreover, people are comfortable with strategies that have already proven effective. The local brand managers may fear that they will be coerced

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or enticed into following a strategy that doesn't measure up to their current efforts.

Most companies today have a decentralized culture and structure. They find it difficult, therefore, to persuade country teams to quickly and voluntarily accept and implement a global best practice. To ensure that local teams overcome such reluctance, an individual or group must be in charge of the global brand. Our research suggests that responsibility for global brand leadership can follow four possible configurations: business management team, brand champion, global brand manager, and global brand team. The first two are led by senior executives; the latter two by middle managers.

**Business Management Team.** This approach is most suitable when the company's top managers are marketing or branding people who regard brands as the key asset to their business. P&G fits that description. Each of its 11 product categories is run by a global category team. The teams consist of the four managers who have line responsibility for R&D, manufacturing, and marketing for the category within their region. Each team is chaired by an executive vice president who also has a second line job. For example, the head of health and beauty aids in Europe also chairs the hair care global category team. The teams meet five or six times a year.

Because the teams are made up of top-level line executives, there are no organizational barriers to carrying out decisions. At the country level, P&G's brand and advertising managers implement the strategy. Thus local bias cannot get in the way of the company's global brand leadership.

The 11 teams strive to create global brands without weakening brand strength locally. They define the identity and position of brands in their categories throughout the world.

They encourage local markets to test and adopt brand-building programs that have been successful elsewhere. And they decide which brands will get new product advances. For example, Elastesse, the chemical compound that helps people eliminate "helmet head," was first added to the company's Pantene product line rather than one of its three sister brands. **Brand Champion.** This is a senior executive, possibly the CEO, who serves as the brand's primary advocate and nurturer. The approach is particularly well suited to companies whose top executives have a passion and talent for brand strategy. Companies like Sony, Gap, Beiersdorf (Nivea), and Nestle meet that description. Nestle has a brand champion for each of its 12 corporate strategic brands. As is true for the leaders of P&G's business management teams, each brand champion at Nestle has a second assignment. Thus the vice president for nutrition is the brand champion for Carnation, and the vice president for instant coffee is the brand champion for Taster's Choice (known as Nescafe outside the United States). At Nestle, brand leadership is not just talk. The additional work that the brand champion takes on has resulted in a change in the company's performance evaluation and compensation policies. A brand champion approves

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all brand-stretching decisions (to put the Carnation label on a white milk chocolate bar, for example) and monitors the presentation of the brand worldwide. He or she must be familiar with local contexts and managers, identify insights and best practices, and propagate them through sometimes forceful suggestions. In some companies, such as Sony, the brand champion owns the country brand identities and positions and takes responsibility for ensuring that the country teams implement the brand strategy. A brand champion has credibility and respect not only because of organizational power but also because of a depth of experience, knowledge, and insight.

A suggestion from a brand champion gets careful consideration.

P&G plans to evolve over the next decade toward a brand champion approach. It believes that it can achieve greater cooperation and create more global brands by concentrating authority and responsibility in the hands of high-level brand champions. At the moment, P&G regards only a handful of its 83 major brands as global. Global Brand Manager. In many companies, particularly in the high-tech and service industries, top management lacks a branding or even a marketing background. The branding expertise rests just below the top line managers. Such companies are often decentralized and have a powerful regional and country line-management system.

Effective global brand managers are necessary in these cases to combat local bias and spur unified efforts across countries.

Some global brand managers have sign-off authority for certain marketing programs, but most have little authority. They must attempt to create a global brand strategy without the ability to mandate. There are five keys to success in these situations:

- Companies must have believers at the top; otherwise global brand managers will be preoccupied with convincing the executive suite that brands are worth supporting. If there are no believers, a brand manager can try to create them. The global brand manager for MasterCard did just that by convincing the organization to form a "miniboard" of six board members and nominating one to be its chair. That person became the brand's voice during board meetings.
- A global brand manager needs to either create a planning process or manage an existing one. To make the process effective, all country managers should use the same vocabulary, template, and planning cycle. This is the first step toward fighting local bias.
- A global brand manager should become a key part of the development, management, and operation of an internal brand communication system. By traveling to learn about customers, country managers, problems, and best practices, he or she will be able to maximize the opportunities for cooperation.
- In order to deal with savvy country brand specialists, global brand managers must have global experience, product background, energy, credibility, and people skills. Companies need a system to select, train,

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mentor, and reward prospects who can fill the role. At Haagen-Dazs, the global brand manager is also the brand manager for the United States, the lead market for its ice cream. The latter position gives the manager credibility because of the resources and knowledge base that come with it.

- Companies can signal the importance of the role through the title they give the manager. At IBM, global brand managers are called brand stewards, a title that reflects the goal of building and protecting brand equity. At Smirnoff, the global brand manager is given the title of president of the Pierre Smirnoff Company, suggesting how much the company values his position.

Global Brand Team. A global brand manager, acting alone, can be perceived as an outsider just another corporate staff person contributing to overhead, creating forms, and calling meetings. Sometimes adding people to the mix in the form of a global brand team can solve this problem. With a team working on the issue, it becomes easier to convince country brand managers of the value of global brand management.

Global brand teams typically consist of brand representatives from different parts of the world, from different stages of brand development, and from different competitive contexts. Functional areas such as advertising, market research, sponsorship, and promotions may also be represented. The keys to success with these teams are similar to those for the global brand manager.

One problem with a global brand team (unless it is led by a global brand manager) is that no one person ultimately owns the brand globally. Thus no one is responsible for implementing global branding decisions. In addition, team members may be diverted from their task by the pressures of their primary jobs. And the team may lack the authority and focus needed to make sure that their recommendations are actually implemented at the country level. Mobil solves that problem in part by creating "action teams" made up of people from several countries to oversee the implementation.

Some companies partition the global brand manager or team across business units or segments. For example, Mobil has separate global brand teams for the passenger car lubricant business, the commercial lubricants business, and the fuel business because the brand is fundamentally different in each. A global brand council then coordinates those segments by reconciling the different identities and looking for ways to create brand synergy.

And consider how DuPont handles its Lycra brand. The 35-year-old synthetic is known worldwide for the flexibility and comfort it lends to clothing; its identity is embodied in the global tagline "Nothing moves like Lycra." The problem for Lycra is that it has a variety of applications it can be used, for example, in swimsuits, in running shorts, and in women's fashions. Each application requires its own brand positioning. DuPont solves the problem by delegating responsibility for each application to managers in a country where that

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application is strongest. Thus the Brazilian brand manager for Lycra is also the global lead for swimsuit fabric because Brazil is a hotbed for swimsuit design. Similarly, the French brand manager takes the lead for Lycra used in fashion. The idea is to use the expertise that is dispersed throughout the world. The global brand manager for Lycra ensures that those in charge of different applications are together on overall strategy; he or she also pulls together their ideas in order to exploit synergies.

When local management is relatively autonomous, it may be necessary to give the global brand manager or team a significant degree of authority. Doing so can also reduce the chances that the manager or team will get smothered by organizational or competitive pressures; in addition, it can signal the company's commitment to brand building.

The team or manager may have authority over its visual representation and brand graphics, for example. In that case, the group or the individual would have to approve any departures from the specified color, typeface, and layout of the logo. Or a global brand team may have authority over the look and feel of a product. The IBM ThinkPad is black and rectangular; it has a red tracking ball and a multicolored IBM logo set at 35 degrees in the lower right corner. The global brand team must approve any deviations from that look. In another example, the global brand manager at Smirnoff has sign-off authority on the selection of advertising agencies and themes.

While companies are spelling out the authority of the global brand manager or team, they must also make clear what authority resides with the country team. Some aspects of the brand's management will be firm the definition of what the brand stands for, say but others will be adaptable or discretionary, such as the advertising presentation or the use of product promotions. The job of the person or group responsible for the brand is to make sure that everyone knows and follows the guidelines.

Delivering Brilliance Global brand leadership, especially in these days of media clutter, requires real brilliance in brand-building efforts simply doing a good job isn't enough. The dilemma is how to balance the need to leverage global strengths with the need to recognize local differences.

Our research indicates that those who aspire to brilliant execution should do the following: First, consider what brand-building paths to follow -- advertising, sponsorship, increasing retail presence, promotions. The path you choose may turn out to be more important than the way you follow through with it. Experience shows that if the path starts with advertising, as it usually does, other sometimes more innovative and more effective brand-building approaches get the short end of the stick. Second, put pressure on the agency to have the best and most motivated people working on the brand, even if that means creating some agency-client tension. Third, develop options: the more chances at brilliance, the higher the probability that it will be reached. Fourth, measure the results. P&G finds exceptional ideas by encouraging the country teams to develop breakthrough brand-building programs. Particularly if a brand is

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struggling, country brand teams are empowered to find a winning formula on their own. Once a winner is found, the organization tests it in other countries and implements it as fast as possible.

For example, when P&G obtained Pantene Pro-V in 1985, it was a brand with a small but loyal following. The company's efforts to expand the product's following in the United States and France did not increase the product's popularity. In 1990, however, brand strategists struck gold in Taiwan. They found that the image of models with shiny healthy hair resonated with Taiwan's consumers. The tagline for the ads was "Hair so healthy it shines." People recognized that they couldn't look just like the models but inside they said, "I've got to have that hair." Within six months, the brand was the leader in Taiwan. The concept and supporting advertising tested well in other markets and was subsequently rolled out in 70 countries.

Another way to stimulate brilliant brand building is to use more than one advertising agency. It's true that a single agency can coordinate a powerful, unified campaign; using only one agency, however, means putting all your creative eggs in one basket. On the other hand, using multiple agencies can lead to inconsistency and strategic anarchy.

In Europe, Audi gets the best of both approaches by following a middle course. It has five agencies from different countries compete to be the lead agency that will create the brand's campaign. The four agencies that lose out are nonetheless retained to implement the winning campaign in their countries. Because the agencies are still involved with Audi, they are available for another round of creative competition in the future. A variant on this approach would be to use several offices from the same agency. That may not lead to as much variation in creative ideas, but it still provides more options than having just one group within one agency.

Adapting global programs to the local level can often improve the effectiveness of a campaign. Take Smirnoff's "pure thrill" vodka campaign. All of its global advertising shows distorted images becoming clear when viewed through the Smirnoff bottle, but the specific scenes change from one country to another in order to appeal to consumers with different assumptions about what is thrilling. In Rio de Janeiro, the ad shows the city's statue of Christ with a soccer ball, and in Hollywood, the "w" in the hillside sign is created with the legs of two people. The IBM global slogan "Solutions for a Small Planet" became "small world" in Argentina where "planet" lacked the desired conceptual thrust.

And yet managers won't be able to tell how well they're building brands unless they develop a global brand measurement system. The system must go beyond financial measures useful as they are and measure brand equity in terms of customer awareness, customer loyalty, the brand's personality, and the brand associations that resonate with the public. When these measures of the brand are available, a company has the basis to create programs that will build a strong brand in all markets and to avoid programs that could destroy the brand.

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All multinational companies should actively engage in global brand management. Any company that tries to get by with unconnected and direction-less local brand strategies will inevitably find mediocrity as its reward. In such cases, an exceptionally talented manager will, on occasion, create a pocket of success. But that success will be isolated and random hardly a recipe that will produce strong brands around the world.

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