

## NANO TOOLS FOR LEADERS®

### GOING GLOBAL: KNOW YOUR CUSTOMERS

**Nano Tools for Leaders®** are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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#### THE GOAL:

Use customer insights to make successful global branding decisions.

#### NANO TOOL:

Some companies approach global brands by retaining complete control over branding, marketing, distribution, communication, and pricing. Others leave those decisions up to local players. But most use a hybrid approach, balancing corporate control with some measure of local autonomy. How can you determine the best approach for your company? It always starts by looking at your customers' current and future desires and needs. By approaching each brand decision from the customer's perspective, you can choose a blend of global control and local touch based on which does a better job of serving your customers.

#### HOW COMPANIES USE IT:

- British multinational grocer and retailer Tesco spent six weeks living with American families when it entered the U.S. market in the summer of 2007. Deep insights into how families eat, cook, and store grocery products have allowed Tesco to enter 15 new markets worldwide. This customer focus is paying off not only in market entry but also in market success. Tesco is one of the top five firms by market share in Hungary, Thailand, Ireland, South Korea, Malaysia, Slovakia, Poland, and the Czech Republic.
- U.S.-based Whirlpool entered the Indian market in the 1980s with the "World Washer," a basic washing machine intended to meet the needs of customers in Mexico, India, and Brazil (those needs were anticipated to be the same in each country). But the central agitator inside the machine shredded traditional saris, consisting of six- to nine-foot lengths of fabric. Whirlpool redesigned the machine to accommodate local needs and today it is the most recognized brand in home appliances in India with a market share of over 25 percent.
- KFC, which has 5000 restaurants in the U.S. and another 6000 abroad in 80 countries learned that it cannot open restaurants based on the U.S. model, and has become adept at understanding and satisfying local tastes. In Japan, for instance, KFC sells tempura crispy strips, but in the Netherlands, it features potato-and-onion croquettes. In France, pastries are sold alongside the chicken. In China, where it has more than 600 restaurants, the chicken gets progressively spicier farther inland to reflect local preferences.

## **ACTION STEPS:**

To drive decisions about the most effective level of global and local strategies, use the ten Action Step questions, in conjunction with deep immersion in the new market. If your answers for existing and global markets differ greatly, you may need a more local approach. If answers are similar, a global strategy may be in order.

1. What are customers' needs for the product or service? In what situations and for what purpose is the product or service used?
2. How much knowledge or experience do customers have in this category or area of behavior?
3. Can customers pronounce the firm's brand name? Does it have any negative associations (e.g., Chevy Nova = Chevy No Go), and can customers be taught positive associations for the name? It's surprising how many firms overlook this simple question and end up in the annals of brand-name blunders.
4. How do customers perceive the benefits, costs, and risks associated with alternative ways of meeting a need?
5. How do customers acquire, use, and dispose of (or terminate) the product or service?
6. What are customers doing now to meet their needs for this product or service?
7. How strong are customers' loyalties to existing providers of alternative methods of meeting this need?
8. What are competing firms' and potential entrant firms' current strategies, strengths, and weaknesses?
9. Can the firm reach customers with information about and distribution of the product or service?
10. What is the nature and importance of channel partners in reaching customers?

## **SHARE YOUR BEST PRACTICES:**

Do you have a best practice for making global brand decisions? If so, please share it on our blog at Wharton's Center for Leadership and Change Management. <http://whartonleadership.wordpress.com/>

## **ADDITIONAL RESOURCES:**

- *The Global Brand: How to Create and Develop Lasting Brand Value in the World*. Nigel Hollis (Macmillan, 2010). Offers a formula for determining brand strength based on familiarity) and marketing appeal to illustrate the market value and performance of brands. Analyzes five steps of customer commitment to a strong brand and the future of brand-building as a profitable investment.
- "In Search of Balance: Local Knowledge Within Global Organizations." Somya Joshi, Michael Barrett, Geoff Walsham, and Sam Cappleman. Judge Business School. *University of Cambridge Working Paper Series*, Sept. 2006. Provides research-based insights into why global organizations are challenged by global-local tensions within their knowledge communities and suggests what may be done to overcome them.
- *Strategy from the Outside In: Profiting from Customer Value*. George Day and Christine Moorman (McGraw-Hill, 2010). Winner of the American Marketing Association Foundation's Berry-AMA 2011 Book Prize for the best book in marketing, demonstrates that only those companies that operate with an outside-in view from the C-suite to the front lines can expect to maximize and profit from customer value. A discussion of leveraging brands in global markets is found in Chapter 11.

- George Day teaches marketing, organic growth strategies, strategic planning, organizational change, and competitive strategies in global markets in Wharton's [\*Innovation for Growth: Strategies and Best Practices and Competitive Marketing Strategy\*](#).

## **ABOUT NANO TOOLS:**

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton's Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director, Professor Adam Grant.