

NANO TOOLS FOR LEADERS®

GLOBAL BRANDS, LOCAL PRESENCE: STRIKING A BALANCE

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.

Contributor: George Day, PhD, The Geoffrey T. Boisi Professor, Professor of Marketing; Co-Director, Mack Center for Technological Innovation; Director, Emerging Technologies Management Research Program, The Wharton School, University of Pennsylvania

THE GOAL:

Find the right balance between central and local control to gain the best of both for your global brand.

NANO TOOL:

One of the most hotly debated issues companies face as they build a global presence or enter a new market is ‘Who gets control of the brand?’ Are the key decisions made centrally by corporate headquarters, or does each local market get to chart their own course for marketing, advertising, pricing, positioning, and perhaps even decisions about naming and branding their own products or services?

Some companies go with a centrally-controlled Global Brand Strategy, using a consistent brand name, targeting similar customers, and employing the same marketing strategy in all regions (think IBM or Coca-Cola). At the other end of the spectrum are companies who employ a Local Brand Strategy. They use dozens, or even hundreds, of brand names, targeted specifically to local populations, with locally-controlled marketing strategies that are as unique as the regions themselves (think Unilever or Procter & Gamble). Most companies, however, employ a Hybrid Brand Strategy that uses elements of both Global and Local.

HOW COMPANIES USE IT:

- **American Eagle Outfitters** discovered that customers of their stores in Western Florida have similar preferences and price elasticities to customers in communities in California and Texas. The company then offered these “clusters” of like-minded shoppers the same mix of products.
- **Smirnoff**, a leading brand of vodka, developed the theme of a new ad campaign, “Pure Thrill,” and then allowed local managers to develop their own ads around that theme to catch the interest of their local customers.
- **P&G** picked up its highly successful Pantene slogan, “hair so healthy it shines,” from a Taiwanese subsidiary. The ads, showing women with long, shiny hair helped turn Pantene into one of P&G’s early global megabrands, topping \$1 billion in sales.
- **Walmart** uses the same positioning — a hypermarket with national brands and low prices — and a common brand around the world, but allows local stores to adapt their inventory to better match the markets they are serving.



- **Starbucks** developed training, operations, and product standards to ensure that contract vendors, such as Host Marriott, were offering the same high-quality cup of coffee at the airport stores they operated for Starbucks as would be offered in a Starbucks-operated store.

ACTION STEPS:

Use the October Nano Tool for Leaders ([Going Global? Know Your Customers](#)) to determine whether a global or local strategy makes the most sense for your customers. Then use one or more of the approaches below to leverage the best of Global and Local for your brand.

1. **Identify** “clusters of similarity” across your customer groups to drive down costs. By clustering your like-minded customers, you can remain sensitive to local markets while retaining the advantages of scaling. Suppliers and buyers can then direct the most effective mix of products or services to groups that share similar characteristics. The result is a lower investment of revenue and time, and customers who are more responsive to your product or service mix.
2. **Leverage** local insights on pricing, distribution, and non-product marketing decisions. Instead of dismissing local market insights in favor of central control, allow local managers to adapt some decisions in a controlled way. Local managers might adjust promotional activities within a set of guidelines set by the firm, giving you both consistency and productive adaptation.
3. **Access** global managers’ knowledge. Success comes when managers openly share best practices and insights throughout the entire company, so find ways to use or develop a knowledge management system to facilitate regular communication around the work. This shared knowledge will maximize the value of insights gained from local and corporate offices.
4. **Adapt** in the areas that are most important to local customers. You can retain a common brand and consistent positioning, and still allow local enterprises to make adaptations meet the needs of local consumers more effectively.
5. **Balance** market access with attention to ensuring quality and building trust. Look to independent sales forces, suppliers, manufacturers, and vendors to capitalize on existing relationships and provide the kinds of access your company cannot gain on its own. But control and regulate those partnerships so you can maintain consistency.

SHARE YOUR BEST PRACTICES:

Do you have a best practice for balancing global reach and local presence? 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 [*Growing the Top Line: Full Spectrum Innovation Strategies 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.