

How to cope with International Marketing in market research?



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Today's marketing environment is dominated by multinational brands competing in global environments. But there is another reality: In many local markets national brands are competing successfully with global players, providing another threat on top of retailer brands. Can Marketing Research address this situation? Do multinational brands need another research solution than national brands? Is the success of national brands due to a specific national focus? What are the differences or commonalities between global players and national brands?

Today the goal for all marketers is to grow strong brands with a strong brand equity. These brands are supposed to deliver high quality product performance and can be sold at high prices, making them highly profitable. This profitability increases with further expansion, so the brand, as soon as it seems to be big enough, will be expanded to other countries and regions, with the aim to make it "global" and thus to make production more efficient and to further increase profit.

Successful examples are Coca Cola and its competitor Pepsi, but other brands such as Nike and Adidas, Budweiser and Beck's, Nokia and Motorola, Dove and L'Oreal, Pringles and Twix, IBM and Dell also became global players showing the same brand equity across the globe.

As soon as a brand cannot be expanded, it will be closed or sold. Most recently: Procter & Gamble are to sell the traditional Cologne perfume brands 4711, Tosca and Sir Irisch Moos. All were traditional brands, well established in the German market. Tosca was the leading brand in the German perfume market for many years and 4711 was even created in the year 1792! P&G's global structures require global brand strategies and do not allow the focus on national brands – it would simply not be efficient. The national heroes do not provide enough opportunity for the company, despite success stories in the national markets. But the brands will not disappear: Soon there will be new owners with a local scope who will continue to manage these brands successfully. They will play in their national environment and provide good margins to their owners (see figure 1).

As a result, in today's markets multinational or global brands compete with national players. There is no clear advantage for one or the other approach, but in many categories, the global players tend to be market leaders, while many national brands own their significant share and are very profitable, too.

But what does this mean for the competitive situation? Very soon a multinational P&G brand like Laura Biagotti will not only compete with other global players, but also in some countries with a national player like Tosca. The particular challenge for the global brand is to deal with both competitive situations: The brand needs to build a global equity, but at the same time win locally.

This is the reason why on the one hand, these multinational brands require a global brand management and more or less centralized marketing efforts, since the global brand has to stand for the same equity, no matter in which country in the world you experience the brand. On the other hand, even the global brand has to adapt itself to the local market environment, which is driven by the local economy, retailer situation, and by national competitors.

The national brand can focus on its national market, but has to watch the global competitors. It can play with its heritage and local connection and build trust among consumers. National brands need a warning system for potential new market entries and developments outside their country.

Different brand strategies

In order to create this global brand equity, it is not enough to create a global advertising campaign and to send the same TV copy on air across the globe – the result might be surprising, since there are not only cultural differences between, let's say, China and Italy. The competitive environment, in which the brand is playing might be totally different, too.

Thus, multinational brands, as soon as they want to become truly "global", need sophisticated market information and research. Brands which aim to dominate their category in multiple countries need to know their individual markets very well. They need to know the exact competitive and retailer landscape in each single country, and they should even be able to leverage local needs and to build upon local traditions. This might even go so far that the brand name differs from the global name in particular countries.

figure 1

Not global enough: National brand 4711 to be sold by Procter & Gamble

Picture source: Cosmopolitan Cosmetics



The following three basic brand strategies can be identified:

- a) Truly global focus
 - b) Mainly global focus with regional differentiation
 - c) Regional focus
- A "truly global focus" is the main approach for the big players in any category: Microsoft, HP, Dell, Starbucks, Pringles, Dove, all of these brands follow global strategies that are supposed to leverage the maximum of efficiencies in production as well as brand management. Wherever in the world you see the Microsoft logo, it is attached to the very same software, and the marketing tools are identical across the globe. Remember the huge Dove "real beauty" campaign city light poster in NYC's Grand Central Station? The very same picture could be seen basically everywhere in the world. The success of Dove was based on this campaign, as well as on a global strategy with regards to positioning, pricing, and retail. The local exe-

cution might be adapted to the local environment, but only in details. This strategy leads to a maximum of efficiency but requires a global structure of your company – any local variation costs money and blurs the global brand equity.

- The variation of the global approach is to allow and even enforce regional differentiations of the brand. Today, you find regional adaptations not only in food products, when for example Nutella has slightly different ingredients depending on the country it is sold in. But also in other categories, when a local touch seems to be more profitable.

A specific case is when global companies use regional names for their global brand. What would be the reasons to change the brand name in a particular country? One reason might be that the local meaning of this name is "wrong" (example: Coca Cola market entry in China). Another reason could be the acquisition of a local brand that already has its own identity. With the continued use of this name, the company tries to leverage the existing connection of this brand to the consumer. A nice example is P&G's feminine care brand Always, which is called Orkid in Turkey. With selling its high-tech products under the trusted Turkish brand name, Always/Orkid is dominating the local feminine care category.

There are many other examples, where an acquired local brand lends its brand name to a global product. But before making a decision like this, you need to minimize the risk: Is the local brand's equity compatible to the global brand's equity? Will the local consumer accept the new owner? You need to rely on exact market research to answer these questions up front, before you spend a lot of money on production capacity and advertising.

Another variation of this game is also linked to the global business world of mergers, acquisitions and buy-outs: How do consumers react to the new owners of their local hero brands? Let's talk about Siemens mobile phones: For many years the brand was among the top 3 selling mobile phone brands in Germany, even leading the market against Nokia for some time. Unfortunately, Siemens

mobile phones were not making considerable profit, so the management decided to sell the brand. It is now called Siemens BenQ and struggles to build on the strong heritage of Siemens in Germany.

- The final role model is an entirely regional focus of a brand. The local hero is strongly attached to the local consumer and rooted in the particular market environment. Very frequently, the local hero can be identified in a specific market segment where it owns a solid market position and makes considerable profit. There are no real plans for expansion, because the brand is usually so strongly linked to the local market that it wouldn't be successful in any other country. This strategy can be identified, for example, in the German Beer market. Many of the German brands, such as Veltins, cannot be found in many other countries. They are playing successfully in their local environment, but struggle to find customers in other regions. The global beer brands, however, steadily increase their business. Foster's and Heineken grow share against the local players, even in Germany.

This indicates that local brands need a differentiating and sustainable brand equity, too. A well-managed local brand has a right to exist in its category, despite multinational competition; a local player who does not invest in its equity, does not.

Another group of brands is very nationally focused, but wants more. As soon as this brand tries to act globally, the limitations come up. Around the year 2000, General Electric tried to strengthen its global market position and made efforts to attack its strongest European competitor Siemens, right in its heartland Germany. Unfortunately, this task turned out to be not so easy for GE. Firstly, Siemens' position in Germany was just too strong, and secondly, the target group in Germany had no clear idea about GE. Despite huge spendings, an image campaign for GE stayed almost un-noticed amongst the target group, and had no impact on the image of GE at all.

There may also be changes in the strategic direction a brand takes. In 2003, Kellogg's moved back from global to local strategy:

figure 2

**Situation Assessment of multinational and national brands:
Fictitious example fabric detergents Germany**

1. Current Activity Focus: “Local player” or “global brand“?”
2. Future Market Goal: “Niche position” or “market leadership“?”

Current Activity Focus	global brand	<p><u>Global Activity high – Local Goals low:</u></p> <ul style="list-style-type: none"> • Standardized Research • Focus on key brand themes • Assessment of key competitors only <p style="text-align: center;">Vizir</p>	<p><u>Global Activity high – Local Goals high:</u></p> <ul style="list-style-type: none"> • Customized Research with global standards • Focus on local consumer understanding • In-depth assessment of competitors <p style="text-align: center;">Ariel</p>
	local player	<p><u>Global Activity low – Local Goals low:</u></p> <ul style="list-style-type: none"> • Highly Standardized Research (Omnibus?), or • small-scale Qualitative Research only • Check if research necessary at all <p style="text-align: center;">Sunil</p>	<p><u>Global Activity low – Local Goals high:</u></p> <ul style="list-style-type: none"> • Customized Research • Focus on local consumer understanding • Assessment of key competitors only <p style="text-align: center;">Spee</p>
		niche position	market leadership
Future Market Goal			

The idea of a global Kellogg's brand with identical product offerings and marketing campaigns did not fulfill the expectations of the management. In addition, market research revealed that there are of course different needs related to Kellogg's in the various countries. Based on this information, Kellogg's swung back to a slightly more local approach – with success.

Different strategies require different market research approaches

The above examples show clearly that there are different needs for market information, to define the overall strategy of the brand, but also depending on the overall strategy of the brand.

For a brand with truly global focus, the main expectation on market research should be to deliver standardized information across the countries that can easily put together the global picture. Since the emphasis lies on building the global brand equity, the scope of the research will be on the global target areas. The national scope will be covered mainly by adding the local players into the brand list of the questionnaire, without particular attention to their local strengths.

For global brands with regional differentiation, the research design will take this into consideration by addressing more local questions. The challenge in this case is to find the right balance between global and local focus and to avoid a blown-up research design which doesn't collect either the necessary global, or the needed local information. All in all, brand management and research agency need to find a solid local approach which allows the brand to succeed in its particular local environment, but includes the most important information to compare the brand's equity status across countries and regions.

For brands with just local or regional focus, the market research can be fully focused on the local market, since there are no global equity issues to be taken into consideration.

Framework: Situation assessment of multinational and national brands

Besides the above mentioned way of applying market research tools to brand strategy, we want to describe a research system that would be applicable for different brand strategies, because it would allow to combine

the best of both worlds – in-depth local insight plus a validated framework to fit the local results into the global picture.

But there is one important step before brand management can select the right measurement technique: The thorough assessment of the brand's current situation. In general, each brand can be positioned on the following two dimensions:

1. Current Activity Focus: Range from Local Player to Global Brand
 2. Future Market Goal: Range from Niche Position to Market Leadership
- The assessment of the Current Activity Focus is based on the current situation and historic actions. It is the result of the marketing strategy to date. The question to ask is whether your brand has the status of a local player (and is steered as such in brand management), or whether your brand is acting as a global player.
 - The Future Market Goal is an outline of the mid-term goals in the particular local market. The goal definition is usually based on market share targets. The question to ask is if you envision for your brand a small niche position only, or if you desire market leadership in the total market or a major segment of it.

This simple framework allows to position your brand according to your current situation, as well as according your goals., It provides as a result the reference which design and investment in market research would be best for you. The application of the four standard strategies derived from this framework is described in the following example of Brand Equity Research in the Fabric detergent category in Germany.

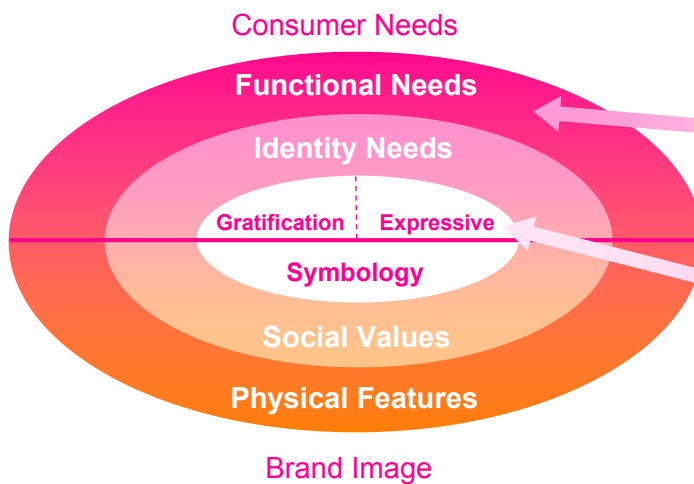
- A Standardized Global Equity Research approach is recommended when your brand shows already a high global activity. The example shown in figure 2 is Vizir: The brand is present in many different markets with a standardized marketing approach, thus can be de-scribed as global brand. However, we can assume that the brand plays only a smaller role in terms of future market goals, since there are only low advertising spendings and other marketing activities for this brand in

Germany, the country we have chosen for this example. The recommended research approach would be a highly standardized market research approach, mainly designed to deliver information for the global brand picture. The focus would lie on key brand equity themes only, and it would be sufficient to assess only the key competitors in the market for Vizir.

- In a particular local market for a brand which is a small local player only, and which is not supposed to change this situation in the future, the brand team should check, whether it is necessary to conduct market research at all. Usually, there is no need for high investments in market research for a brand like this. The brand is often supposed to play a specific role for a very specific consumer segment, and thus marketing spendings are low, too (just as a side note: These niche brands might be very profitable in their specific situation, even though the owner undertakes not much effort to invest further in the brand). Still, there might be a need for research, e.g. if a competitor introduces a new product in the market which might have impact on the brand's niche. But this should be done on a very small scale. Very frequently it is sufficient to do qualitative research only.
- The need for customized equity research emerges as soon as the future market goal is to achieve or to remain leadership. In a situation where the brand is still a local player according to its current focus, it is not necessary to fit the results into the global picture of the brand. It is more important to assess the market in-deeply and to achieve a thorough consumer understanding, as well as a detailed knowledge of the competition.
- Finally, a global player with the clear goal to maintain or achieve market leadership in the particular country, needs customized equity research with globally standardized elements. Further to the deep consumer understanding and the detailed assessment of the competitors, it will be essential to fit market research results into the global picture for the brand. Any globally managed brand requires a global

figure 3

The NeedScope™ model: Framework for consumer and brand understanding



This marketing model forms the basis of NeedScope and ensures that the output is very focused on how the different layers of brand image can successfully satisfy the corresponding layers of consumer needs.

This approach includes layers about:

- Product requirements – or **functional needs** – to help make the product development/ line extension recommendations more specific
- **Emotional benefits** described as “personality/ expressive” and “gratification” – to help anchor the consumer understanding even more strongly at the emotional/ sub-conscious level

brand equity strategy. When market research is conducted the results should fit into the picture and help to complete the global understanding of consumer and to check whether the brand is paying into its global target equity.

An example of customized equity research with a framework for the global picture

Customized Equity Research with globally standardized elements is the biggest challenge for Market Research. It has to deliver both, on the one hand in-depth analysis, and on the other hand global comparability and applicability. The usual way to approach this challenge is to start with qualitative research, in order to receive the in-depth market knowledge. But this is compromising on comparability of the results across countries. Then follows quantitative research, which is designed based on the qualitative results, in order to quantify the qualitative findings. The additional advantage is that it not only provides a framework that allows comparability of the data across countries. It allows to benchmark across categories and to derive standard strategies. Database analysis becomes more and more common, since all of

the important market research agencies, as well as some manufacturers, have their own proprietary solution for measuring brand equity.

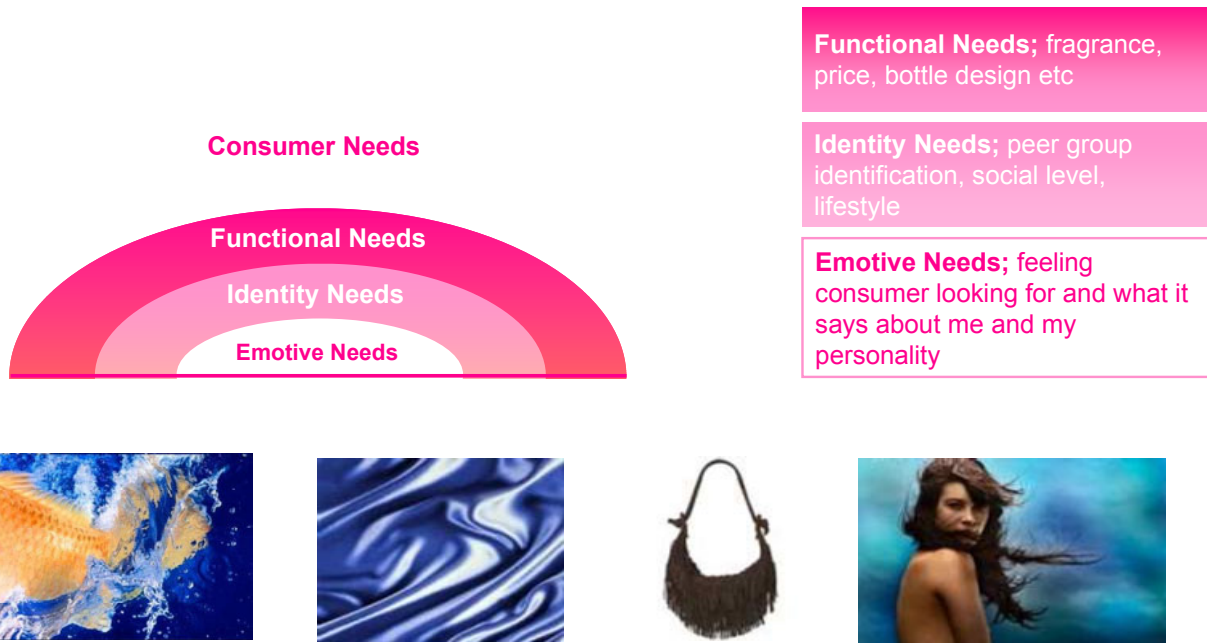
One solution which provides a deep understanding of consumer needs as well as the emotional benefits of brands, is NeedScope™ (see figure 3).

This tool has an underlying model that is based on fundamental human needs. It ensures a common view of the consumer, and a common language, across markets. This means regional/global consistency, which naturally leads to more effective brand development and management across borders. A common emotive framework like this links closely to how the consumer actually operates in the market and provides the best basis for managing global brands across different markets.

We apply projective techniques, typically the domain of qualitative research, in special quantitative studies, in order to identify functional as well as emotional needs, and to align the marketing mix accordingly. This takes brand equity research to a new level by a seamless transition from qualitative to

figure 4

Example: Applying the need layers to a category



quantitative, by the ability to measure emotive needs, and brand personality, and by more powerful brand discrimination (see figure 4).

How to identify Market Research that fits to your brand in a global and national environment (Checklist)

The following checklist should help you to identify the major decision making criteria you should take into consideration when choosing the right market research approach. It will ensure that you get the correct answers to your business questions.

Points 1 and 2 will help you to draw your Situation Assessment Matrix which provides you already with standard research approach recommendations. Points 3 to 7 will guide your decision further to find the appropriate market research for your brand.

1. Current Activity Focus: Is your brand active locally or globally?

The more countries your brand is active in, the higher the degree of global standardization in market research is required to ensure comparability and holistic view!

2. Future Market Goals: Do you want to grow your brand, or are you satisfied with your current market position?

The more you strive for market leadership, the better should be your understanding of your market! Make use of qualitative research and validate the findings with quantitative re-search with large sample sizes.

3. Consistent Brand Equity: Is your brand equity consistent across all countries?

The more global your brand equity already is, the better defined should be your target equity and the more emphasis can be put on quantitative research.

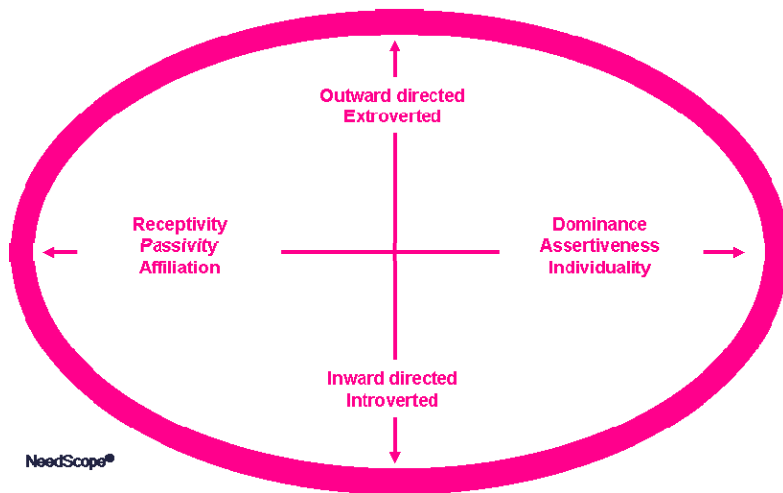
4. Consumer and market knowledge: Do you know what you should know and what you already know?

Not only in big organizations, the amount of market research and market information is huge. Before running new research it will pay off to leverage what is already available: The research design can be more focused. A nice side effect is that this will help you to save cost!

5. Available budget: How much research budget is available, and is it adequate to your goals?

figure 5

The NeedScope fundamental axes for consumer and brand understanding



Two fundamental axes form the basis of the NeedScope model:

- The horizontal axis spans from the need for affiliation and receptivity – belonging and being part of things - to individuality and assertiveness – standing out from others.
- The vertical axis divides the model into extroverted and introverted poles – the extroverted more outward directed, and the introverted more inward directed.

A rule of thumb: The higher your goals, the higher the required budget. Compromising on budget for research on real important business questions means to compromise on the output. But you should strive for efficiency with a focused study design and innovative re-search techniques. The goal is to spend the right budget in the most efficient way.

6. Available Time: How quickly do you need your results?

Sometimes your goals are high, but your timing requirements are challenging. Your data needs might not be fulfilled in the required timing. The solution is either to compromise on the market research, e.g. focus more on quick qualitative research, or to re-think your timing: If the required information is very important, it might be worth taking your time with fundamental research rather than running just quick and dirty research that won't help answer your business questions.

7. Challenge your Team: Who can provide valuable insight, and who needs the results?

Bring together relevant players in your organization already at the design stage of the market research, and include your market research agency in the team. This will help you to find the questions behind the ques-

tions, and to provide results that really can impact business decisions. Think about how effective your market research will be if you take your time in defining your questions up front! - The team will also be most helpful when it comes to the deployment of the results. The involvement and the depth of the finding will increase when the results are shared in workshops.

Before you consider conducting any research for your brand, you should be very clear of your goals. Use the checklist for a profound decision making process, and set priorities. Keep in mind: Market research can be powerful, if you do it right!

NeedScope™ is a registered trade mark of TNS:

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Abstract

This article describes the specific challenges that multinational and national brands face when managing their brands. Multinational brands need to ensure that the local execution of their global marketing strategy fits into the local social and competitive environment to the same extent as it helps to build their global brand positioning. National brands, however, focus mainly on their local market. Their relevant market information is about winning in the local market only. The business questions of brand management need to clarify different objectives and different competitive situations: What should be the international scope for the brand without losing local view? Is the main objective to pay into the global brand equity, or to align the global strategy as much as possible to the local environment? Multinational brands require specifically designed market research and so do national brands. Because of this situation, brand management needs to clarify the purpose of the research before designing the market research process. The author provides a framework to evaluate the current situation for the brand and develops a checklist to ensure that Marketing Research is able to provide the correct answers to their business questions.

Kurzfassung

Der vorliegende Artikel beschreibt die Herausforderungen, denen multinationale und nationale Marken gegenüberstehen. Multinationale Marken müssen einerseits sicherstellen, dass die lokale Umsetzung der globalen Marketingstrategie sowohl in das soziale Umfeld, als auch in das Wettbewerbsumfeld passt, und andererseits zum Aufbau der globalen Markenpositionierung beiträgt. Nationale Marken fokussieren jedoch hauptsächlich auf den lokalen Markt. Die für sie relevante Marktinformation bezieht sich nur auf den Erfolg im lokalen Wettbewerb. Die Fragen der Markenführung beziehen sich deshalb auf unterschiedliche Ziele und Wettbewerbssituationen: Wie groß sollte die internationale Ausrichtung der Marke sein, ohne dass die lokale Perspektive verloren geht? Ist es das Hauptziel, in den globalen Markenwert einzuzahlen, oder aber die globale Strategie soweit wie möglich dem lokalen Umfeld anzupassen? Multinationale Marken erfordern ein spezielles Marktforschungsdesign, und genauso ist es für nationale Marken. Daher sollte das Markenmanagement die Ziele der Marktforschung vor dem Design des Marktforschungsprozesses klären. Der Autor bietet dazu einen Rahmen an, mit dem die momentane Situation der Marke analysiert werden kann, und entwickelt eine Checkliste als Hilfsmittel, damit die Marktforschung die richtigen Antworten auf Ihre Fragestellungen liefert.