Developing and Managing an International Brand Portfolio

Susan P. Douglas, New York University
C. Samuel Craig, New York University

Abstract

With the globalization of markets, attention to international branding strategies becomes an increasingly important issue. Firms must decide on the appropriate balance of global, regional and local brands, as well as who should have custody of these brands and their positioning in international markets.

Synopsis

In many industries and regions worldwide, an increasing number of companies are increasingly expanding the geographic scope of their operations, and setting up operations or acquiring companies in other countries. At the same time, markets are becoming more integrated with the spread of global and regional media, and the development of international retailing. Consequently, firms need to pay greater attention to coordinating and integrating their marketing strategy across markets.

An important element of a firm's international marketing strategy is its branding policy. With escalating media costs, building strong brands has become an important issue in order to establish the firm's identity in the market place and develop a solid customer franchise (Kapferer 1997). The value of strong brands can be enhanced through brand extensions. Furthermore, strong brands are important weapons to counterbalance retailer power enabling the firm to pull its goods and services effectively through the channel (Barwise and Robertson 1992)

Firms expanding in international markets need to consider what type of international brand portfolio to build. Management has to decide on appropriate brand architecture, i.e. whether to place emphasis on corporate, house or product level brands, or some combination of these (Laforet and Saunders 1994). In addition, the balance between local, regional and global brands has to be determined. Another related issue is the management or custody of international brands. Who should have custody of international brands, and be responsible for determining their positioning in different national or regional markets, as well as making decisions about extension of a given brand name?

The presentation will discuss these issues, based on findings from a study of leading consumer goods companies in Europe. Semi-structured interviews were conducted with senior executives at the product division level, as well as executives in advertising agencies, market research companies, and consulting companies who were responsible for international brands and branding strategies.

Three principal types of international branding strategies were identified- localized, hybrid and integrated portfolios. *Localized* portfolios held by companies such as Akzo Nobel consist predominantly of national product level brands. *Hybrid* portfolios, which are the most common, adopted by companies such as Coca-Cola, and CPC, consist of a mix of global, regional and national brands with some co-ordination of branding strategy across countries. Often such companies have expanded via acquisitions and are moving towards greater harmonization of branding across countries. The third type, *integrated* portfolios, includes companies with predominantly or exclusively global or regional brands as for example, Nike or Benneton.

The presentation examines existing literature on international branding and brand architecture in international markets. Then, the international brand architecture of the companies studied is discussed, focusing in particular on the degree of integration across countries, and current policies with regard to the firm's international brand portfolio. Next, the custody of international brands is covered, including the tools and mechanisms used by different companies to manage custody. Finally, some conclusions are drawn with regard to key trends, and some guidelines for building an effective international brand portfolio suggested.

References

Barwise, Patrick and Thomas Robertson. 1992. "Brand Portfolios." European Management Journal, 10, 3 (September).

Kapferer, Jean-Noel. 1997. Strategic Brand Management, 2nd edition. New York: Kogan Page.