
Building global brands in Asia



Look closely at the top 100 Global Brands, according to Interbrand and BusinessWeek, and you'll see many European and North American favorites that have given great products or services over many years. What you won't see on that list are many Asian firms, apart from some notable companies in Japan and South Korea.

Why, in a burgeoning region that's brand-crazy, have very few homegrown favorites earned world-class recognition? What will it take for Asian companies to rise to the level of global superstar? 'The Challenges of Building Global Asian Brands' panel at the INSEAD Leadership Summit in Asia offered some insights into these and other questions, with the focus being on regional companies traditionally focused on trading, operations and technology, rather than marketing. The panel agreed that the chief marketing officer must be just as involved in the company as the CEO and other leaders in the 'C-Suite'; and that a strategic view of marketing within most Asian companies is long overdue.

Panellist Martin Roll (MBA '99D), CEO of VentureRepublic and author of Asian Brands Strategy, says branding in Asia is no longer a luxury; it's a necessity. "Most Asian business executives think that a brand is just an appendix, just a strategy that is a logo, that is a corporate ID," he stresses, adding that this needs to change because low cost today is a level playing field.

Roll says that for Asian brands to go global, three things must happen. First, Asian executives must instil a global mindset within their companies. It's not just about a new logo and printing new business cards, he notes. Secondly, Roll says a chief marketing officer (CMO) should replace some of the engineers and financiers in the boardroom. Finally, he believes that Asian companies need to look within. "So you really have to ask yourself very hard," says Roll, "If I am going to create another sports shoe brand or an IT brand or a hospitality brand, what makes that truly different in a very, very over-communicative world?"

L'Oreal Chaired Professor of Marketing (Innovation and Creativity) at INSEAD, Amitava Chattopadhyay, says there are historic reasons as to why Asia has looked to western brands. "Consumers, by and large, have been in the West because Asia, leave aside Japan, has not really had a flourishing economy with a large number of people in the middle class who are able to buy brands. And the people that did buy brands, the top of the pyramid if you will, they were highly westernised, often-Western educated and valued Western things," says Chattopadhyay. At the same time, he agrees with Roll that Asian companies have focused on operations, technology and manufacturing, with not enough attention being paid to marketing.

Chattopadhyay notes that economic changes in the region over the past twenty years have led to a larger consumer class for the first time, creating a historic opportunity for local and regional brands to expand. In order for that to happen, companies need to understand and develop their brands and then articulate this within the company and to consumers. He says that he has acted as a consultant to company executives who have had to ask their marketing departments what the brand stands for. So if the company's leadership and "foot soldiers" don't understand what the company's branding is, there's little chance that consumers will have a clear idea.

Another panellist, Samsung's Head of Global Communication, Gyeheun Kwon, emphasizes the importance of Asian regional economic growth that could annually hit eight per cent, as compared to three per cent in the US and Europe. "We believe this Asian region is really the powerhouse to drive the world economy. So, in a way, we have some of our global headquarters in Asia, especially Korea. We have a relative advantage because of the location and we understand the Asian economy quite well," he says.

Kwon notes that Samsung took a huge risk by developing new products during the 1997 Asian financial crisis. It also established its global brand by

sponsoring the Olympics at a time when the company was almost broke. But that gamble paid off and gave the company an international marketing push and brand presence.

Kwon though has an unusual take on brand and brand value. “You know, I would like to share Samsung’s notion about the brand,” said Kwon. “We believe the brand itself is not important. What is really an essential factor: compositions of a brand value and we believe the first one is technology value because we are a manufacturing company. The second is the product value. The third is marketing value and the fourth one is reputation value,” he concluded.

The process of building a global brand has three stages, says Rajesh Hukku, chairman of i-flex solutions of India. Get people around the world to become customers of the brand; show them that the quality and reliability is better than competition; and create the success story over and over by building solid company leadership that understands the brand and how to communicate it.

Hukku’s company grew out of the Y2K scare, during which companies from abroad outsourced their software concerns and projects to India. He believes his success came as a result of mastering the three stages.

But what about building brands for business-to-business sales? An umbrella brand may work well, but “the brand has to become reference,” says Hukku. “(It’s) important to say that XYZ Company uses it; a reference, of who your customer is, is important. Benchmarks are also very important, but you have different messaging that still needs to get out, in the business-to-business markets.”

When asked what advice he would give to Chinese manufacturers on branding, he says: “10-20 years ago it was based more on loyalty. I think our children and grandchildren will change (that). It’ll be more about the quality and the brand experience, not whether or not Tiger Woods wears (the products),” he adds.

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