The Fine Lines of Brand Localisation

By Martin Roll , Business & Brand Strategist, Founder of Martin Roll Company

Just as executives adapt their management styles to suit new market cultures, brands must do the same, while staying true to their identity.

The integration of developing and emerging markets into the mainstream global economy has created amazing business opportunities for international brands. But the phenomenon has also made the global marketplace a highly complex and competitive battleground for companies aspiring for success.

Globalisation has had a profound effect on branding as companies, previously bound by national borders, find themselves facing new markets with specific challenges. Just how they adapt to these new cultures becomes a crucial factor in determining their brand’s success.

When Disneyland Paris (originally Euro Disney) opened outside Paris in 1992 it went with its standard tried and tested theme park formula assuming customers would be seeking the authentic American Disney experience.

In doing so it grossly miscalculated European tastes and preferences. Among the cultural faux pas were a no alcohol policy, in a country where a glass of wine with lunch is often a given; the misallocation of staff at peak times according to American habits; and small breakfast restaurants, based on the assumption that Europeans don’t eat breakfast.

The park’s initially disappointing performance has been attributed, to a large extent, to Disney’s failure to localise the brand experience, leaving a trail of dissatisfied customers. After readjusting to suit the European consumer needs and fine-tuning certain cultural aspects, Disney eventually found success joining the ranks of Coca-Cola, McDonald’s, BMW, LVMH, L’Oreal, HSBC, Estee Lauder, Procter & Gamble and other global brands that have adapted their brand experiences to their areas of operation.

Going local

What makes a brand’s localisation strategy a success?

Unilever is a classic example of a global brand which has managed to enter previously untouched international markets with products that address local sensitivities. Unilever’s Indian subsidiary, Hindustan Unilever Limited (HUL), recognised the tremendous opportunity servicing markets at the bottom of the pyramid where customers aspire to consume products but in smaller quantities and at lower prices. HUL invented the shampoo sachets – small plastic packets of shampoo selling for less than 2 US cents a piece. These became so popular among rural consumers that many other brands adopted the practice offering small size sachets of detergent, coffee and tea powder, coconut oil, tooth paste and other goods. Even though the unit price was higher, it meant consumers could afford to purchase the smaller quantity at their convenience.

The cultural tightrope

Success for brands moving into new markets relies on neither complete adaptation nor standardisation. As Disney and Unilever have proven, a fine balance is needed.

One of the underlying premises of branding is the ability to reduce customers’ search cost and perceived risk by standardising images, messages, communications, attributes and features. Brands generally strive to maintain their defining brand identity, personality, and other elements across markets. This standardisation is the fundamental building block of a brand, but also poses the first challenge in cross-cultural situations as adapting offerings to different cultures violates the standardisation principle. Therefore, careful handling of the standardisation and adaptation issue becomes extremely crucial.

Balancing standardisation with customisation is one of the biggest challenges for brands seeking to expand to foreign shores. Like Disney many brands moving beyond their home markets are tempted to repeat their tried and tested formula in the destination market. The assumption being customers are eager to buy the brand's product because of its authenticity, heritage and associations. While this has been true for many, iconic brands, the tendency is gradually changing as global companies gain a greater understanding about the unique needs of customers in different markets and the pressures of their specific lifestyles and economic and cultural conditions.

From my experience, successful brands are those that closely observe their new markets and manage their strategies taking into consideration three points:

Cultural differences that impact branding: As brands enter different cultures, it becomes imperative for them to carefully tread the standardisation-customisation continuum - to retain their inherent brand identity, which is the very reason for their acceptance across markets, while adapting brand elements (images, advertising channels etc.) to appeal to local tastes and preference s.

Nokia, for example, was the first handset brand that recognised the growing importance of rural customers in the Indian mobile phone market. Nokia introduced its dust-resistant keypad, anti-slip grip and an inbuilt flash light. These features, albeit small, appealed to a specific target of truck drivers initially and then to a broader segment of rural consumers including farmers and local shop owners. These features endeared Nokia to the Indian consumer as the brand displayed a genuine commitment to responding to local customer needs and adapting their products accordingly.

The need to weave their brand into the cultural fiber: The increasing popularity of the internet offers brands a very powerful tool to bring their products closer to the local community, providing them with a platform on which the brand and customer can interact on the customer's terms.

Creation of online discussion groups and online brand communities is a firm step towards co-creating brand value with the customers. By weaving the brand essence into the societal fiber, brands can leverage cultural differences to their advantage.

Danish toy brand LEGO runs several programs and interacts closely with the many LEGO communities around the globe. This serves two objectives: it allows LEGO to reach out to more stakeholders, while gaining invaluable feedback from the market for future adjustments and innovation purposes.

Understanding local consumption patterns: Individualistic and collectivistic cultures tend to sit at either end of a continuum. In individualistic cultures, customers make consumption decisions based on their personal choice whereas collectivistic cultures support customers to make consumption decisions on a group level – through families, extended families, friend networks or communities. These differences often hold the key to driving branding strategies when entering new markets.

Louis Vuitton, which has for many years been one of the most successful global luxury brands, balances the individualistic and collectivistic consumption patterns of the West and Asia very well. It offers a broad range of products providing ample choices for the individual, while simultaneously positioning itself as a symbol of status among Asian peer groups with its predominantly collectivistic habits. Louis Vuitton is also a highly valued gift-giving experience in Asia.

Selective sensitivity

While globalisation and integrated markets offer brands untapped market potential, they also pose certain challenges stemming from cultural differences and resulting consumption patterns. To maximise opportunities companies should be sensitive to cultural subtleties and adapt their brands accordingly. Cultural differences can morph from challenge to opportunity when brands learn from the many best practices in the industry and adopt their branding strategies to reflect the consumer preferences in the respective markets.

The extended version of this article is available on Martin Roll Company: ***Cross-cultural branding and leadership***

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