Chapter 10

Managing the International Brand

Over the last few years several factors have contributed to reducing trade restrictions such as:

- International agreements (GATT, lower customs duties...),
- Improvements in the means of transport and logistics,
- Rapidity and availability of information,
- Global media coverage,
- Growth of industry worldwide,
- Changes in financial context.

These changes have generated a multitude of business opportunities and international transactions and, at the same time, have greatly increased international competition.

Until recently, industrial sectors tended to evolve within mainly local contexts. But with markets going global at full speed, companies have had to rethink their strategy and include industry in an international environment. This is especially the case in business to business. In this sector, socio-cultural differences are less important than in the consumer sector and it is also where more and more contracts are being signed at a world level. The strategic positions of companies are increasingly defined according to what is at stake worldwide. Often companies can no longer limit themselves to the home market only. They have to operate at a world level and are thus inclined to search for the critical size in their activity.

This has created the need to find new markets for brands. This geographic extension has many reasons such as production over-capacity, opportunities abroad, the ability to better resist to the arrival of global brands on their usual markets or quite simply for reasons of survival. By their very functioning, brands have to be open and to adopt an internationalization policy if they are to be able to evolve, develop and keep their competitive advantage. This policy of going global has already been the subject of marketing and strategy...
research for several decades and has given rise to new disciplines such as international marketing and strategy. Because of the risks involved (countries which are politically or economically unstable, regulations, technological leaks, etc.), globalization imposes the need for the company to adopt a rigorous approach and to develop a marketing strategy suitable for zones made up of several countries. International marketing strategy and the very principle of internationalization have become essential because firms have to face the growth and size of international trade and also companies converging and overlapping within the "global village". However, the way to implement an internationalization policy has been much debated. On the one hand, there are those who favor a uniform (global) strategy, whereas others argue for adapting strategy, or in other words, customized (localized) marketing.

Driven by the will to reach economies of scale and by the certainty that needs are homogenous, a uniform strategy advocates standardization of the same mix in all countries. On the contrary, a customized strategy favors the systematic adaptation of supply so as to stick as closely as possible to the specifics of the different markets. This almost ideological confrontation has, over time, shown its limits. In fact, companies have very pragmatically opted for strategies which oscillate between these two conceptions of international marketing. Globalization does not necessarily focus on all the elements of the mix (price, position, brand, etc.). The same is true of localized strategy which is only applied to certain elements, for example, product distribution or communication policy. In practice, companies opt for a "glocal" strategy rather than choosing either a global or a local strategy. The difficulty for company managers is to determine on what level their marketing strategy and offer need to be adapted.

This difficulty rebounds on brand management internationally. In fact the brand plays a determining role in the international strategy of industrial companies. Brands symbolize the company, its products and/or services and contribute to the added value of the offer. They also provide information and indicate quality by conveying a certain number of values. The brand often represents the first vector of the company and the first perceived element on much sought after new markets. By reflecting very different levels of abstraction, it corresponds to all the images connected with the company, its products and services. The brand also exerts an influence on the way customers perceive the company which it represents. Thus, international buyers use the reputation of industrial brands as one of the criteria when short listing suppliers.

The stakes connected to local or global brand management have to be taken into account when industrial companies plan their international strategy. Both multinational corporations and local companies are concerned by international brand management, the former in order to harmonize their