

# global brands in the 21<sup>st</sup> century

We're four years into the 21st century but it's over 20 since Harvard professor Ted Levitt coined the phrase "global" brands. For two decades global brand strategy has been a challenging and changing topic—and still is.

Most recently, global brands have become caught up in a "clash of civilizations" that makes anything with a global prefix a dirty word. This is wasted dialectic for those who believe there's no such thing as a global brand anyway, because brands exist only in the consumer's psyche, and no such species as a "global consumer" exists.

Still, the global grail shimmers as the cost of building and nurturing brands escalate and marketers remain committed to the quest to leverage scale.

There's no doubt that the last two decades have pushed us beyond "lowest common denominator" simplification that gave global marketers a bad name. The pendulum has now strongly swung from centralization to favor localization in the delicate and evolving balance of "global vision, local touch."

Is today the footprint for the future?

## let's fix our perspective

Fresh into the new century it's tempting, but probably a bit premature, to define the past and declare the future. The reality is, in the big picture we're all transition managers: it's more that the world is changing than it has changed.

It isn't that mass advertising never works anymore or that viral marketing, or "buzz," always works. Mass advertising works some of the time and there are viral successes too. When some of the old rules work some of the time and some of the new rules work some of the time, it means there aren't clear rules to make success consistently predictable. So it's a critical time for every manager to keep questioning and challenging.

That said, we can clearly see some interrelated drivers that make today different from the past and will increasingly influence success of global brands in—at least—the "wonder" years of the third millennium (for those of you who have forgotten, those are years 1-12).

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## the right definition of "global"

Interbrand's definition of a global brand as one that derives 20% of sales outside its home market may already be outdated. In the '90s a global brand could be delivered through success in developed markets and "coverage" of "rest of world." Today, China is the world's fastest-growing market, a source of brands as well as volume—and global marketers are demanding brand vision that embraces developing economies.

## the new role of brand values

As global marketers reduce their portfolios to brands strong enough to justify investment, core brands are stretched and the separation of brand and functional product benefit is greater than ever. Emotional relevance is increasingly the main source of sustainable competitive advantage.

The consequence? The single biggest question for marketers is "What are the values I want to anchor my brand to?" Share of category is giving way to "share of mindset" as a truer measure of brand strength, a measure where brands like Virgin excel.

## consumer apathy— the ugly reality

The need for emotional relevance is underscored by research in many categories, which confirms that consumers simply don't care about brands as they once did. The availability



of multiple acceptable substitutes has moved the challenge from brand switch to share of brand repertoire.

To reach an inner-directed consumer, we must recognize consumers are more interested in how brands define them than in the brand. Future-facing global brands like Nokia have powerfully leveraged self-expression into brand preference.

### connect, entertain, engage

Consumer detachment from traditional advertising is symptomatic of a consumer in control of the messages received while disengaging from information overload—two trends very likely to intensify. The need to be invited drives “content” carriers of brand messages and the development of tangible ways to experience the brand.

With “millennials” spending more time online than in front of television, Internet-driven engagement will exponentially increase in importance. Marketing partnerships with the entertainment industry are already making films and programs the new global executions.

### generational change

In addition to juggling markets at different stages of development, global brands that came of age in the ‘90s need to juggle generations. Fast-moving consumer goods that were “classic colonizers” and became global by rolling out worldwide are mature in some markets and young in others. Of course, in all markets the ultimate payout of brand value over time requires constant customer acquisition. Old generation brands like BMW and new generation brands like MTV equally reinvent themselves to reach younger consumers, increasingly cynical about brands, and embody all the challenges just outlined.

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### it's about culture

When brands need to own emotional territories, be locally relevant in diverse markets, cross consumer touchpoints and generations—it’s not just a question of brand ideas vs. ads—it’s much more. A strong and encompassing brand culture must be built, internally and externally, so everyone who touches the brand “walks the talk.”

Externally, brands will be represented by the communities that embrace them. Internally, the greatest enemy of global brands may well be the two-year global brand manager.

The need for big ideas, focus, and flexibility can only be met by “cutting the fat” of re-work and re-think on a rotation basis. Some of the smartest marketers are redefining career paths to rotate talent by skill but within brand.

### which brings us back to the grail

An emotionally distinctive and appealing brand culture is both the culmination and result of these forces shaping global brands today.

We see third millennium prescience in brands like Nokia, Oracle, and MTV that were “born global” vs. weighted down by the past. Brands like these have created their own culture, even their own language, appealing enough to be invited into people’s lives. They walk the talk internally, externally and consistently.

Oddly, this may bring us to a place where most execution is local—but Levitt is still right. Powerful global brands will draw strength from a singular cultural integrity but consumers will experience that culture where they live. ●

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