International Branding Strategies of Global Companies: A case study of Sony Ericsson

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Abstract

In order for a company to sustain its presence in the market and as well stay very competitive, it is very essential to adopt an effective brand strategy. However, depending on the structure of a global company and the products offered, global companies can adopt product branding, corporate branding or a mixture of the two. In order to reach economies of scale and scope, many global companies standardize their branding. However, global companies are often required to adapt to local preferences and cultures. The purpose of this thesis is to investigate the international branding strategies of global companies. The research addressed the issue of how international branding strategies of global companies can be described. A qualitative case study of Sony Ericsson was conducted. The research showed that global companies use either product brand strategy, or corporate brand strategy. However, there may be mixtures of the two types, as it is in the case of Sony Ericsson where the emphasis is on corporate brand. With product branding, a company offers multiple products within different business segments. On the other hand, with corporate brand strategy, the corporate name and the brand are the same.

Keywords: Corporate brand; Product brand; Economies of scale; Standardization; Customization; Adaptation and brand

Introduction

International marketing has become an established fact of life for more businesses [1]. Most small contemporary companies have ambition to ‘go global’ and this ambition is further enhanced or made easier with the growth of internet-based electronic commerce that can efficiently link firms from around the globe in a vast electronic marketplace [2]. For a global company to be successful, it must determine the appropriate and effective channel structures and strategies to effectively market its product. A marketing channel is a set of practices or activities necessary to transfer the ownership of goods from where it was produced to the selling point. It is the way products and services get to the consumer and are also referred to as distribution channel in some circles.

However, apart from the appropriate marketing channel, one major marketing strategy a global company could adopt to sell its product is branding. “A brand is defined as a name, term, sign, symbol, design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” [3]. Brand, therefore, comprises of both physical attributes of product and feeling or emotion, identity, characteristics, culture, customer relationship etc.

International or global branding can help a company to market its product or service in many different countries around the world. Although, history indicates that global or international marketing requires large budgets, emerging communication techniques such as social media can make global campaigns affordable for every company regardless of its size. The importance of branding to a global company cannot be over emphasized. The success of most global companies like Coca cola, Mc Donalds, Nike, Apple Samsung, Sony among others can be partly attributed to effective branding. According to Ian Linton (smallbusiness.chron.com), the following are the benefits associated with global branding:

a. Consistency

Creating a global branding enables a company communicate consistent messages to customers in all its international markets. Consumers now receive marketing messages from a huge number of different sources, so delivering a consistent message is the most effective way to reach consumers.

b. Risk

A global company can reduce the risk in developing a global campaign by building on branding strategies that deliver successful results in domestic market. Building an existing brand progressively, market by market, is the safest and most cost-effective way to create a global brand.

c. Localization

While consistency is important, a company’s global branding does not need to communicate exactly the same message to each local market. It is important to understand and respect the language, cultural and business differences in individual territories by adapting effective communications to meet local preferences -- a process called localization.

d. Management

Running a consistent global branding reduces the cost and complexity of managing campaigns. Some multinational companies employ different advertising and marketing agencies for each territory. If each agency creates a different campaign for the local market, costs can rise rapidly because of the duplication of effort. By developing a single global branding and advertising strategy, you can reduce the number of agencies you use and eliminate duplicate costs.

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In today’s world, marketing channel structure and branding strategies must be formulated in the context of globalization [4]. This therefore makes global marketers responsible for developing effective branding strategies that clearly distinguishes a global company’s products and services from its competitors and for which customers worldwide can easily identify its product in the international market. However, contemporary global marketers need not only think globally, but they must also act locally in terms of providing the appropriate array of channels desired by heterogeneous markets all over the world [5].

This paper seeks to identify the branding strategies that have been adopted by most successful global companies and therefore, could serve as a useful model by new or potential global companies to effectively market their product and services.

Literature Review

A traditional definition of a brand was: “the name, associated with one or more items in the product line, which is used to identify the source of character of the item(s)”. However, the American Marketing Association (AMA) defines brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”. Within this view, “technically speaking, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand”. In effect, a brand is used to simply differentiate a company’s product from its competitors and therefore, makes it easier for customers to identify the product. There has been extensive literature on branding, but for the purpose of this paper the literature review is focused on the international branding strategies of global companies. As a result, the literature to review includes the concept of global branding, corporate branding, product branding and the issue of standardization and adaptation.

Concept of global branding

International and global brands have been in existence for a very long time in one form or the other [4]. The common approach that firms which sought to “go global” did is to extend their domestic marketing strategies to international market. In other words they pursued the standardized approach of branding. As firms expand their international activities, their standardized approach to branding led to international and eventually to what is now called global branding. A brand is “anything that identifies a seller’s goods or services and distinguishes them from the others”. By this definition trademark could be said to be part of branding since it can be used to identify and differentiate a company’s product from others. Branding, is very important since it may be very difficult for a product to be advertised without it. A brand as consisting of: a concept/promise/benefit, proprietary signs, name, trademarks, symbols, logo, products and services. By extension, global branding therefore, involves extending all three aspects of a brand across the world. While this is not possible for many products, some products are more amenable to global branding. For example, products aimed at luxury and youth segments seem ideally suited for global brands.

Also, in markets such as telecom, airlines and hotels, where there is heavy consumer mobility, global branding is more feasible. Global or transnational companies must keep looking for global branding opportunities. Global brands can generate a competitive advantage that is difficult for local brands to match. Global brands can be supported by global advertising campaigns with a global positioning, leading to substantial economies of scale in marketing. However, in situations where market conditions are heterogeneous, there may be no option but to acquire or develop local brands.

Nonetheless, in line with the branding concept for local markets, global branding scholars advocate that the development of brands on a global level offers opportunities for capitalizing on economies of scale, developing global markets and pursuing multiple market segments. This benefit from an economic perspective reiterates the significance of branding, not only in domestic market, but also at the global level. Other benefits of global branding include the fact that it gives the customers added value. It provides cross border learning, it generates more cultural benefits for a company and also leads to lower cost. As a result of the immense benefits associated with the adoption of a global brand, most contemporary multinational companies are now adopting global brands. This is therefore justified that many companies adopt a global brand as a marketing strategy.

In dealing with global brands it is prudent that the culture and language of the people are taken into consideration. This is because a brand may have a particular meaning in one country but may have an entirely different meaning in another country and in some cases the brand may be out rightly inappropriate in other countries. Global brands are in most cases positioned and sold the same around the world. Nonetheless, minor modifications may occur.

Forbes magazine lists the top 100 global brands for 2015 and the top 10 of these include: Apple, Microsoft, Google, Coca Cola, IBM, McDonald’s, Samsung, Toyota, General Electric and Facebook. The following are the common features of the above top 10 global brands:

- They are strong in home markets: the cash flow gained in the local markets give advantages in global market
- They have geographical balance in sales: the global brand is known more around the world.
- The products are somewhat the same around the world with some little modifications in some places/countries to suit the local needs of the people.
- Consistent positioning: The values are communicated the same all around the world and the products are positioned the same as well.
- Product category focus: Focusing simply on one product category.
- It may be realized from the above top 10 global brands in 2015 that, the corporate name and product are the same and this may mean that customers around the world are likely to easily identify a product when the corporate name and product are the same. However, about 80% of the top 100 global brands are corporate brands and 20% are product brands; hence these international brand strategies (i.e., Corporate and product brands) could also be reviewed below.

Corporate branding: Corporate branding is a marketing strategy in which the brand and corporate name are the same. Examples of corporate brand include among others Nike, IBM, Sony, and Virgin. Corporate branding may not be limited to a specific mark or name ostensibly because branding can incorporate multiple touchpoints. These touchpoints include logo, customer service, treatment and training of employees, packaging, advertising and the quality of products and services. This therefore, means that any means by which the general public comes into contact with a specific brand constitutes a touchpoint that can affect perceptions of the corporate brand.

However, a corporate brand is not just a logo, name and a visual presentation; it is also the values that define it. By this, a corporate can be defined to include intangibility, complexity and responsibility.
Furthermore, what makes a company unique and therefore helps to build a brand is its complexity; “it is larger, more diverse and has several audiences that it must interact with” than a brand. For this reason it is essential to effectively communicate the values of the core brand and build relationships with the stakeholders and meet their needs.

Essentially, a corporate brand basically involves the process of communicating the values and identity of a company to the world. A corporate brand is characterized by the way an organization communicates its identity. Corporate brand is the sending of cues or communicating to the world to create a favorable reputation.

Corporate branding is underpinned by processes linking strategic vision, organizational culture and corporate images [6] and must therefore be aligned in order to create a strong corporate brand. These three elements form the foundation of corporate branding and are defined [6] as follows: First strategic vision is the central idea behind the company that embodies and expresses top management’s aspiration for what the company will achieve in the future. Second organizational culture is the internal values, beliefs and basic assumptions that embody the heritage of the company and communicate its meanings to its members. Culture manifests itself in the ways employees all through the ranks feel about the company they are working for. Lastly, corporate images are views of the organization developed by its stakeholders; the outside world’s overall impression of the company including the views of customers, shareholders, the media, the general public, and so on.

Reasons for creating corporate brand: Corporate brand is largely been used by most multi-national companies when it comes to global branding. For example most Asian countries particularly the Japanese companies to a large extent prefer to use corporate brand rather than product branding. The reason(s) for this phenomenon is not far-fetched.

The basic and general reason for creating a corporate brand is to make it unique and different from is competitors [7]. It was further stated by Yu Xie [7] that a corporate identity in the form of ethics, goals, and values are all important corporate asset that can differentiate a company from its competitors.

Furthermore, in order for a company to achieve a successful corporate brand management, it will depend among others upon; “having a clear corporate mission and philosophy; understanding the company’s corporate personality and corporate identity; and having accurate information regarding perceptions held of the organizations by its stakeholders” [8].

Product branding: It is how a product interacts with its consumer audience through design, logo, and messaging. Alternatively, product branding is the strategy of building separate brands identities for different products [7]. Yu and Xie [7] by stating that product brand is where one individual product has a specific name and a specific positioning, every new product gets its own brand name and positioning. By this, it means therefore, that product branding strategy has a strategy of product differentiation, thereby making the product unique and different from other products, which could be in the form of product packaging, quality and so on. An example of a corporation that adopts product branding strategy is P & G. It is therefore, difficult to settle on one product branding definition because branding triggers an emotional connection in consumers. If done well, product branding can be maintained and produce a solid, well-connected connection throughout the life of the product. However, the main challenge here lies in the new media, licensing and social media, where the “message” might be communicated via the audience and not the expert branding professionals. Examples of product branding according to Yu Xie and Boggs include [7] Sprite under the Coca Cola Corporation, Lux and Dove which are products of Unilever among others.

One of the major reasons why some firms adopt product brand strategy stems from the fact it is very flexible and therefore allows firms to position themselves against different segments in different market. However, the marketing cost may be very high when a product brand is targeted towards different small segments through different brands [7]. Also with product brand strategy, a failure of one brand will not affect another brand or the name of the company simply because every brand is individually different.

Standardization and adaptation: Most of the literature in this stream concentrates on the issues of brand standardization or adaptation in the global markets. There are two main school of thoughts in the literature of standardization or adaptation of marketing strategy. Those who support standardization suggest that, world markets are becoming homogeneous due to the rapid advancement in transportation and communication technologies. Homogenization of consumer tastes provides firms with opportunities to achieve cost savings by means of economies of scales in production, marketing and other activities through standardization. This approach emphasizes the financial benefits through standardization. Contrary to standardization, proponents of adaptation argue that world markets are not getting homogeneous, as there are differences in physical environment, legal requirements, cultures, economic development, and infrastructure among national markets.

It is argued that firms desire, total standardization of their marketing activities. Consequently, it is preferable for firms to take into consideration the specific conditions of each market, such as cultural differences and marketing infrastructures, by localizing or adapting their marketing programs. The main concern of this approach is the impact of the external environment of the host country on the international marketing strategy. The debate between these two schools of thoughts is continuous and no solution has been identified. However, the cliché of “think global, act local” has been widely accepted as a better approach due to cultural differences and differences in regional government regulations. It is prudent for modern global companies to use the two (i.e., Standardization and adaptation) concepts in global branding and not to solely concentrate on one.

Research Methodology

First, the research will go through three stages which include: exploratory, descriptive and explanatory stage [9]. Second, a qualitative approach will be used. Qualitative research approach is suitable when human activities or when behavioral patterns will be investigated [10]. The phenomenological paradigm is normally associated with qualitative research method which uses an array of interpretative techniques such as action research, case studies, ethnography and triangulation. These methods seek to describe, translate and come to terms with meanings. One major characteristic of qualitative methodology is that it focuses on describing a phenomenon in a deep comprehensive manner and this is generally done in interviews and open-ended questions. Another feature is that, small number of participants participate in this type of research and because of the investment in this type of research and the relatively few number of participants, findings from qualitative research cannot be generalized to the whole population. However, such study serves as a spring board for larger studies and deeper understanding that can inform theory, practice, and specific situations.
Third, the research strategy used will be in the form of Case Study. According to Denscombe [10] a case study is appropriate for small scale researches that handle few units in a narrow perspective and where an in-depth study is going to be conducted. Also, Yin [9] states that a case study is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. He further states that a case study answers questions that have a character of “how” and “why”.

Fourth, the primary source of data collection is through interview. According to Denscombe [10] an interview is a guided conversation between two or more people. Furthermore, he states that a semi-conducted interview is an interview where the researchers have conducted the interview questions prior to the interview. However, the respondent can speak freely and expand the answers to have a dialogue with the researchers [10]. There are two kinds of interviews and these are face-to-face interviews and telephone interviews. The researcher therefore, used telephone interviews due to the geographical distance. The interview questions were designed prior to the interview, and the interview guide was sent to the respondents in advance. The respondents were given room for reflections and explanations and were also given the opportunity to ask questions during the interview.

Fifth, in order to collect valuable information for the empirical data, the researcher adopted a subjective and a convenient sample selection. A subjective sample selection is when a decided sample is chosen, because the researcher has knowledge about what is going to be investigated, and the researcher chooses that sample because of the belief that the persons involved will provide the most valuable information [10].

Furthermore, the data analysis of this research work will address three types of analytical strategies and these include: relying on theoretical propositions, thinking about rival explanations, and developing a case description [9]. Relying on theoretical propositions is the strategy where secondary data is compared with primary data. Data analysis consists of three components, namely data reduction, data display and conclusion.

Last but not the least, in order to ensure the credibility and a high quality standard of the research, the researcher adopted Denscombe [10] criteria of quality standards which is reliability and validity. The criterion of reliability as discussed by Denscombe [10] is where the research instruments are neutral, and if someone else would perform the same research they would get the same result. In this research interviews were conducted with different people within Sony Ericsson. To further increase reliability the interview guide was sent in advance so that the interviewees would have time to prepare the answers. The researcher used a tape-recorder for the interview and the participants were informed in advance.

The New General Self Efficacy (NGSE) is the instrument used as this was validated and tested. The instrument revealed discrepancies, creating a need to develop the NGSE. During a study the NGSE instrument was used to conduct a similar non-experimental study of female entrepreneurs to explore a possible correlation between mentoring and perceived general self-efficacy.

**Data Analysis: A Case Analysis of Sony Ericsson**

The data analysis here is done by comparing or juxtaposing the theoretical framework of global branding to what actually pertains in Sony Ericsson.

**International branding strategies of global companies**

According to Urde [11], there are four basic brand architectures available to firms and these include: corporate brands, product brands, corporate and product brand (with dominant use of the corporate brand), and product and corporate brands (with dominant use of product brands). However, the brand strategy adopted by Sony Ericsson is corporate and product brand strategy (with dominant use of the corporate brand). Also, there is the concept of brand strategy which is been used by some global companies and it is intended to “drive consumers’ purchase decisions and transfer brand value to new product or service sub- brands” [12]. The Sony Ericsson brand is the master brand and under that master brand there are three sub-brands. The sub-brands have the function of putting added value to the product and making the product easier to recognize as well as to categorizing them into different qualities and features in order to maximize customer satisfaction. Furthermore, the marketing strategies of Sony Ericsson in terms of its global brand relative to what pertains in theory could be seen below:

First, it was stated by Yu Xie [6] that corporate brands have a strategic focus which includes corporate strategy, corporate communications and corporate culture. This theory is what pertains in the case of Sony Ericsson, since it has a strategic approach where the values of the company are important and consistent throughout the whole company. These values are normally set by the management team of Sony Ericsson and are communicated to the rest of the company and the employees need to communicate these values to the customers.

Also, the long-term approach is also constant throughout the company.

Second, it is prudent that, corporate brands are managed by the CEO of a company. This therefore, coincides but not completely with the empirical research where Sony Ericsson is managed by the senior manager, so that the main responsibility is on the senior manager of each of the division. The corporate brand is furthermore delivered by the whole company, and it also has multiple channels of communication and this is through total corporate communication instead of through marketing communication. The brand management team sets the values of the company and communicates these, but the managers of each of the three divisions have equal responsibility for the brand. However, the theory therefore differs from the empirical finding where the theory indicates that the overall responsibility of the brand is on the CEO of the company. But the theory coincide with the empirical findings in the way that the brand is delivered by the whole company in the way that everyone within the organization is supposed to know the core values of the company and deliver those to the public, and the employees have an important role in creating the perceptions and maintaining the brand.

Third, the focus of the corporate brand is not only on the customers, but on all the stakeholders both internal and external and the corporate brands need to fulfill these stakeholders’ expectations [13]. Further stated that there should be a balance focus on consumers and shareholders in order to have a complete brand. This is in accordance with the empirical findings where the respondent company states that all stakeholders are important. However, the company further states that the customers are the most important stakeholder. Their customers include network operators, retailers and consumers. It may be said that the employees are highly important since they maintain the brand and spread the good word about the company. The relationship with the stakeholders is long-term focused. The corporate brand communication is directed towards all stakeholders and that the corporate brand has little impact on customers and also little demand for products and services. This
does not coincide with our empirical findings since the respondent company states that the most important stakeholder are the customers.

Fourth, is standardization and customization? According to Bradley [14], it is suited for a global company to have a standardized strategy in international markets, in order to benefit from economies of scale, and a decrease in its unit cost. Similarly it was also found out by Alashban [15] that a standardization strategy provide companies with the ability to benefit from a large-scale production, but by adapting the needs of each segment can also increase revenue. In the empirical findings, Sony Ericsson has a standardization strategy where the strategy is consistent worldwide. However, the company adapts to local preferences when needed. This is in accordance with the theory where Bradley [14] discusses that it is necessary to adapt the marketing mix because of the heterogenic markets worldwide. Although, markets are becoming more and more homogenous, there is still a great diversity and people in different markets have different preferences [14]. Palumbo and Herbig also stated that it is difficult to standardize a global brand name, and they discuss that the product can sometimes be the same but the brand name is different or vice versa. This therefore, relates with the empirical findings since Sony Ericsson can have the same product name, but at the same time the features of the product might be localized.

Discussion of Findings

Under this heading, the findings of the research are discussed. A Conclusion is subsequently drawn from the findings and by this the research purpose, which is to investigate the international branding strategies of global companies is achieved.

First, the researcher’s findings indicate that, global companies have different and varied branding strategies depending on their company structure. This could either be whether the company implements a product brand strategy or a corporate brand strategy. However, global companies normally have many factors that are similar regardless of their structure. As a result the scope of the study was confined to Sony Ericsson which serve as a representative of global companies. Sony Ericsson uses standardized strategies in international markets and also to some extent customize or adapt to specific local markets. Most global companies shift focus from product brands to corporate brands as they move towards globalization. However, Sony Ericsson uses a corporate brand strategy and has always had that strategy, and did not start with a product brand strategy as theory indicates. Hence, it was revealed that, the researcher’s findings differ from theory.

Second, it was stated by Bradley [14], that more often than not a brand develops from being a local brand and after a while, when the brand is known, move into international markets. However, this research points to the fact that, Sony Ericsson started as a global brand and did not go through the process from local to global brand.

Corporate brand has a long life cycle and a product brand has a short life cycle. Sony Ericsson has a long-term approach where the strategy is constant throughout the company. Therefore, the theory does not coincide with the empirical findings.

Fourth, this research showed that innovation is essential for global companies. However, emphasis seems to be placed more on commercial innovation; i.e., brand management, when it comes to companies focusing on product brand strategy. With regards to companies using a corporate brand strategy, as in the case of Sony Ericsson, the emphasis seems to be more on technological and product innovation. That does not necessarily go hand-in-hand with being first on the market; but instead to be best in class. However, sometimes companies can benefit from first-mover- advantage.

How can the international branding strategies of global companies described?

The research work revealed that companies focus either mainly on a product brand strategy or mainly on a corporate branding strategy. However, there may be mixtures of the two types, but in most cases there will be a dominant use of one of the mentioned strategies. In the case of Sony Ericsson, they use corporate and product strategy with a dominant use of corporate brand.

Product branding is suited when a company offers multiple products that are targeted towards different segments. In that way, each product brand can have its own brand identity. Additionally, different products belonging to the same product category can be targeted towards different segments in order to increase sales. Although product branding is being used, it is still possible to create brand extensions under one of the individual brands. In this way, companies might be able to increase sales by taking advantage of an already existing strong brand. The major advantage with using a product brand strategy is that the corporate brand will most probably not be affected if one of the individual product brands fails. Companies using a product brand strategy rely heavily on each individual brand. Since each product brand has its own brand identity, large investments are required in order to create and sustain a strong brand. In the light of the above, it may be said that a product brand is therefore more functional than a corporate brand.

Corporate branding is used when the corporate name and the brand is the same. The strategy is suited when a company offers several products which go under the corporate name. With this strategy companies may use the corporate brand as the master brand, and under the master there may be sub-brands. With this strategy companies invest in the master brand and the sub brands rather than in the different products. This strategy has a strategic approach, and the values of the company affect the brand. Therefore, the advantage with this type of strategy is that all the products of a company can benefit from the corporate brand. However, that also makes it more complicated since it is very important for the company to have a good reputation as well as having a strong and stable corporate brand. In situations like this, a company’s product is likely to be negatively affected if the corporate image is dented.

The basic difference between product branding and corporate brand, is that, with regards to product branding, it is mainly the marketing function which manages the product brand, whereas management of the corporate brand is on a higher level i.e., the senior manager.

Also, with global companies, regardless of whatever strategy is used, whether a product brand or a corporate brand strategy, the customers are the most important stakeholders. However, there are naturally other important stakeholders such as employees, local governments and investors.

Furthermore, the research clearly indicated that global companies prefer to standardize (as in case of Sony Ericsson) as much as possible regardless of the company using a product brand strategy or a corporate brand strategy. When acting on different markets, companies standardize in order to reach economies of scale and enjoy a reduction in its unit cost and also customize in some cases to suit the needs of the people.
Conclusion

Based on the research findings, the following conclusions could be made:

- Global companies use product brand strategy, corporate brand strategy or a mixture of the two.
- Product brand strategy is suited when a company offers multiple products that are targeted towards different segments.
- Corporate brand strategy is suited when a company offers several products which go under the corporate name.
- With product brand strategy the corporate brand is not affected if one of the individual brands fails.
- The corporate brand may be affected negatively if one of the products fails when a company uses a corporate brand strategy.
- With a corporate brand strategy, all products will benefit from a strong corporate brand.
- The product brand is managed by the marketing function.
- The corporate brand is managed by the senior manager.
- Global companies as in the case of Sony Ericson prefer to use the standardization strategy with some customization or adaptations in local markets. It does not matter whether a company is using product brand strategy or corporate brand strategy.

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