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The process of global brand strategy development and regional implementation

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ABSTRACT

Although standardization–adaptation has long been recognized as a dynamic negotiation, less is known about the attendant processes within organizations. Accordingly, this study "pulls back the curtain" on a new global brand management strategy at Kimberly-Clark (KC). An extended case method was employed, comprising three rounds of semi-structured interviews with senior regional and global marketing managers on six continents. Global brand strategy development at KC entails sharing information and best practices, implementing common brand planning processes, assigning responsibilities for global branding, and creating and implementing effective brand-building strategies. Indeed, KC's approach, predicated on accountable empowerment and capacity-building, is transforming the organization by increasing marketing capability locally while instilling better processes and disciplines centrally. An examination of these seemingly orthogonal objectives allows us to see how brand strategy cohesiveness is maintained in an unconventionally decentralized structure.

1. Introduction

The global integration of markets has spurred a convergence in consumer preferences (Townsend, Yeniyurt, & Talay, 2009), prompting organizations to search for more effective ways to serve international customers and enhance their worldwide competitive positions (Wang, Wei, & Yu, 2008). Within this context, globalization is defined as the distribution and creation of products and services of a homogenous type and quality worldwide (Rugman & Moore, 2001). The attempts of multinational corporations (MNCs) to globalize have resulted in the development and promotion of global brands (Townsend et al., 2009; Wang et al., 2008). Therefore, as competition globalizes, an MNCs' success hinges on its ability to position and manage brands across the numerous countries in which it operates (Usunier & Lee, 2005).

Although most MNCs recognize the advantages of global brands and the value of developing effective brand strategies that nurture their global identities (Motameni & Manuchehr Shahrokhi, 1998), many are grappling with the challenges and complexities of competing in a global environment (Cavusgil, Yeniyurt, & Townsend, 2004). These complexities are amplified by the assumption that most MNCs are regional, not global, and that there is no single global market or single global strategy (Rugman & Moore, 2001). Thus, Townsend et al. (2009) argue that additional research using *examples* of the globalization of brands can provide managers and scholars with a deeper understanding of global brand management strategy. Prior literature has explored components of global branding and the ways MNCs can exploit global opportunities, but limited attention has been paid to branding within a global context (Cayla & Arnould, 2008). Furthermore, no consensus has been reached on the relationship between global standardization and centralization in global branding (Özsomer & Simonin, 2004; Quester & Conduit, 1996).

We sought to extend current knowledge of global brand management by deconstructing and learning from the strategies and processes of a well-known and successful global MNC. The study viewed the global brand-building process as a dynamic capability of MNCs, and the research therefore considered how dynamic and ongoing tensions are managed between global standardization and local adaptation, as well as the resultant decisions that shape corporate strategies and processes. Our focal MNC was Kimberly-Clark (KC), which provided an ideal and constant context by "set[ing] the limits on the range of relationships to be expected", (Johns, 2001, p. 33). KC's global marketing and branding strategy has recently undergone extensive changes, thereby providing a rich context within which to understand the processes, procedures, and practices involved in becoming a Global Marketing Organization. After presenting an extended case method (Burawoy, 1998; Kates, 2006), we focus on understanding the dynamics of the KC setting (Eisenhardt, 1989) in order to explore and build theory (Yin, 1994).

The manuscript is structured as follows: We review the literature, concentrating on global brands/branding/brand management and on dynamic capabilities; describe the case setting and the method; discuss the findings; advance a process theory of global brand management at KC; outline theoretical and managerial implications, acknowledge study limitations and provide directions for future research.

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2. Literature review

2.1. Conceptualizing global brands

Van Gelder (2003) defines global brands as brands that are available across multiple geographies without any specific continental requirements. In contrast, Hankinson and Cowking (1996) define global brands as brands that possess consistency of brand proposition and product formulation. Aaker and Joachimsthaler (1999) provide a more detailed definition, proposing that global brands are "brands with a high degree of similarity across countries with respect to brand identity, position, advertising strategy, personality, product, packaging, and look and feel" (Aaker & Joachimsthaler, 2000, p. 306). Global brands can therefore be envisaged as tools that enable organizations to portray and manage consistent corporate and brand images across a diverse customer base.

In accordance with Appadurai's (1990) 'political ideoscape' conceptualization, Askegaard (2006) contends that the 'global ideoscope of branding' is colored by local variations dependent on the market context. Hence, the true homogenization of world markets is less about media and consumer convergence and more about the "…consciousness of the necessity of special symbolic attributions to consumer goods in contemporary market-based economies" (Askegaard, 2006, p. 99). Indeed, the rise of a more globalized culture does not imply that consumers share the same tastes or values (which Levitt, 1983). Rather, as Holt, Quelch, and Taylor (2004) argue, "People in different countries, often with different viewpoints on a range of issues, participate in a shared conversation, drawing upon shared symbols. One of the key symbols in that conversation is the global brand" (p. 70).

According to ACNielsen (2001), a brand can be considered 'truly global' if it is sold in all 30 countries used in the sample (which represent 90% of the world's gross domestic product), and if more than 5% of its sales come from outside of its home region. Further, Interbrand (2006) identifies six principles shared by the Best Global Brands: recognition, consistency, emotion, uniqueness, management and adaptability. Kleenex, one of KC's core brands, was named a billion dollar brand that could be considered truly global based on these definitions and principles (ACNielsen, 2001; BusinessWeek/Interbrand, 2009).

2.2. Global brand management

Although extant literature is replete with examples of 'global' brands (Jain, 1989), there is a dearth of prescriptive theory on "how brands become global" (Townsend et al., 2009, p. 540). Advocates of standardization suggest promoting the same brand image in all countries in which the company operates (Bennett & Blythe, 2002), while those who favor local adaptation suggest accommodating differences in marketing strategy and brand expression across markets (Van Gelder, 2003).

Several global brand management strategies have been proposed, but they tend to be limited to specific business contexts (Ger, 1999; Melewar & Walker, 2003). In a more generalizable sense, Van Gelder (2003) calls for brands to be 'harmonized' across markets to ascertain which aspects of the brand proposition should be the same *across* markets. These core aspects can then be standardized without upsetting (but rather, inspiring) local managers and/or consumers.

To determine the best to way to manage a brand globally, firms must understand the extent to which factors relating to the brand vary across national boundaries (Van Gelder, 2003). Moreover, managers should be aware that in some instances, a single brand cannot be imposed on all markets (Keegan & Green, 2005). To achieve a balance between standardization and local adaptation, Kapferer (2005) proposes seven globalization strategies, all based on the notion that the brand is a system consisting of concept, name, and products or services. These strategies range from the "fully strict global model gradually to the full local model" (Kapferer, 2005, p. 323). Thus, MNCs must also deduce what processes and strategies can be standardized and how best to manage decision making authority within their organizations in order to find the balance necessary to manage global brands.

2.3. Centralization and decentralization

Centralization determines the extent to which decisions are made at high levels of executive authority in an organization, while decentralization delegates decision making to lower levels of authority (Zannetos, 1965). The type of decision making method that will be used is usually determined at an organizational (Edwards, Ahmad, & Moss, 2002) or marketing level (Özsomer & Prussia, 2000). Edwards et al. (2002) further explore these decision making philosophies in terms of the level of autonomy an MNC gives to its subsidiaries. However, determining how much control an organization exerts over its subsidiaries is not easy (Harris, 1992). Indeed, most global organizations embrace both philosophies (Heiden, 2007). Success in global markets may therefore require MNCs to incorporate both centralization and decentralization in their structures to enable them to act quickly locally while leveraging global best practices (Wickman, 2008).

2.4. Dynamic capabilities

Dynamic capability theory may help explain the ways in which firms build and reconfigure their brand strategy and decision making structures in response to changing environments (Teece & Pisano, 1994). Dynamic capabilities are a learned pattern of collective activity and strategic routine through which organizations can generate and modify operating routines to achieve new resource configurations (Eisenhardt & Martin, 2000).

Brands can be instrumental in assisting firms to build, attain and enhance their competitive advantage (Abimbola, 2001), while top management can help develop and implement a firm's dynamic capabilities (Rindova & Kotha, 2001). Indeed, when top management develops and implements a branding strategy to reconfigure existing resources and capabilities in a turbulent environment, branding can be viewed as a dynamic capability. We conceptualized global brand management as the leveraging of knowledge-based intangible resources to facilitate learning, innovation, and knowledge transfer across global markets, and concluded that dynamic capability theory provides a suitable theoretical foundation for exploring and explaining the recent development and implementation of a new global brand management process at KC.

3. Research approach

3.1. Study context

KC is one of the world's leading manufacturers of health and hygiene products, with manufacturing facilities in 36 countries and products marketed in more than 150 countries. In addition to being a large MNC in terms of geographic scope, KC is ranked 126 on the Fortune 500 list (Fortune, 2010). Moreover, ACNielsen (2001) identified Huggies and Kleenex, two of KC's flagship brands, as billion dollar brands that 'could be considered truly global'.

KC originally established its business in silos that divided the world into discrete regions, creating powerful regional organizations by operating under a business model focused on reinvigorating its product range. Recently, however, KC adopted a global brand management strategy aimed at increasing inter-organizational alignment and standardization. KC therefore provides a unique example of how global brands are managed in an MNC that has recently shifted from decentralized, regional brand management strategies to a global brand management strategy. The case also provides a unique opportunity to explore how, as Özsomer and Prussia (2000) note, the strategic decision to enhance brand standardization influences the firm's organizational structure.