Unprecedented globalization fostered by continued and substantial increases in international trade and in global communication has created tremendous opportunities for companies to extend their influence beyond domestic and regional markets. In this paper we discuss the role of branding in a company’s global strategy. In order to emphasize the importance of culture in international marketing we have highlighted some examples in the Indian and Chinese contexts. In addition, we identify key issues with respect to culture and branding that need to be taken into account by successful global companies.

INTRODUCTION

The exact meaning of the term “globalization” may be open to debate (Shenkar and Yadong 2003), but the profound influence of this phenomenon and its far-reaching impact on business and marketing cannot be denied. Terms such as business process outsourcing, developing economies, emerging markets, strategic global alliances, and the global village have become commonplace in the business vocabulary. The global economy offers new and exciting ways for companies to extend their influence beyond domestic and regional markets. In order to compete successfully in the global arena, a firm has to develop a strong branding strategy that is consistent with the cultural traditions of the country in which it operates. In this paper we discuss the role of branding in a company’s global strategy. Further, in order to emphasize the importance of culture in international marketing we have highlighted some examples in the Indian and Chinese context. The rise of India and China as potential economic powers has been well documented in academic and trade journals as well as in the popular press (Friedman 2005; Engardio 2006; Kriplani 2006; Zakaria 2006; Lakshman 2006). With well over a billion people in each of these countries (1.6 billion in China and 1.2 billion in India) and the rapidly growing affluence of the upper and middle classes, both India and China are rapidly becoming important markets for global companies. Finally, we identify key issues with respect to culture and branding that need to be taken into account by successful global companies.

BRANDING IN THE GLOBAL CONTEXT

A powerful brand is a key asset in a company’s global market strategy (Khermouch, Holmes and Ihlwan 2001). One of the most important assets that a firm can have is a well-recognized brand. Brands such as Starbucks, Intel, eBay, Toyota and Disney are able to maintain a strong presence globally, because they have been successful in developing certain images and associations in the consumers’ minds. Recently, Volkswagen reverted to a 1970’s brand in an attempt to increase sales. The Golf hatchback is now the Rabbit, and sales have jumped 89 percent (Kiley 2007). Similarly, Ford Motor Company brought back the Ford Taurus brand to encourage sales growth.

It is imperative for global companies to develop products that have a unique identity and image that (i) is perceived to be providing benefits that meet the core needs of their customers and (ii) differentiates them from existing and potential competitors. The impact of culture on the global branding strategy of a company cannot be minimized (Ronen 1986). Because of the
Branding in the Global Arena: The Role of Culture

growth of international trade and globalization, marketing strategies of many companies have expanded from a national focus to an international perspective using either a global approach or a multinational approach. A global strategy permits a business to produce the same product across different countries and different cultures using the same production function. This global strategy permits firms to have a unified competitive advantage based on efficiencies in new product development, research and development, economies of scale, work force flexibility, and skill transfer (Barron and Hollingshead 2004). To maintain this global competitive advantage the marketing mix across borders needs to change to adapt to the different customs, different buying habits, and different demographic segments within a country.

Whether a company adopts a global strategy or multinational strategy depends on developing a successful marketing mix that aligns with the country’s culture. Brand identification and image becomes important. Branding is an intangible asset that can increase a firm’s value (Deagon 2002) and enables a firm to communicate an identity and image about a product or service (Fonbrun 1996) to generate a level of consumer acceptance. However, consumer awareness and acceptance varies from country to country. Recently, Wal-Mart withdrew from Germany and Tesco from Ireland. Both companies were successful in their home countries and in other international endeavors, but failed to succeed in dealing with the German and Irish cultures. The products or services provided by these companies did not differ, but the competitive brand images of both companies did not promote consumer acceptance.

Consumer acceptance depends on brand image, which is a “set of beliefs about a particular brand” product line, and company that separates the brand from its competition (Kotler 1988). A brand communicates an overall character or personality that for the consumer is more important than the technical aspects of the company, the product line, the product or the service. It can be a name, mark, slogan, mascot, symbol, or trademark that communicates an identity-image and linkage to the consumer.

A globalization strategy assumes the brand identity-image linkage doesn’t change from country to country, which means the four Ps—product, promotion, price, and place—do not vary significantly from country to country and from culture to culture. For example, the benefits of well known drugs easily cross countries and cultures without any marketing mix barriers, but many products and services require a multi-national strategy or a local segmented strategy, which means the values, customs, traditions, rules, regulations and the buying habits across and within countries can vary. These variations are not unusual because there are no universal values, and guidelines that differ from country to country or from culture to culture despite the many communication avenues provided by modern technology.

CULTURAL DIMENSIONS AND BRANDING

According to Whitely and England (1977) culture is defined as “the knowledge, beliefs, art, law, morals, customs and other capabilities of one group distinguishing it from other groups” (Shenkar and Yadong 2003). A culture represents shared values that collectively provides the social glue that holds the culture together (Warner and Joynt 2002), but cultures vary from country to country and within each country. Each culture has different boundaries and standards. These boundaries serve as different control mechanisms and govern different acceptable and unacceptable behaviors among and between cultures. What is acceptable in one culture may well not be accepted in another culture. For example, different symbols can represent different values and denote different interpretations, which in turn foster different levels of commitment and perception within each culture. For example, the African consumer interpreted the Gerber
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Krueger and Nandan

baby label, as meaning that the jar contained babies.

Branding and establishing a marketing image requires cultural knowledge. For example, in Turkey the Turkcell mobile phone company uses a cartoon animal as a logo and emblem. It is called a snabbit. It is a cross between a snail and a rabbit with an antenna (Greenfield 2006). It represents a unique brand identification and cultural linkage that represents energy, dynamism and uniqueness in the communication industry. Because the cell phone market includes families, the company expanded the one character to a family of characters. Each family member has a name with different personality characteristics. Cello-O represents the father, who is pictured as a technophile, joker, and visionary whereas his wife Celly is cautious, economical, and an excellent mother. The daughter, Cellita, exhibits a concern for the environment. The son, Cell Jr., is an internet addict, and soccer enthusiast. The grandfather, Celldede, exemplifies the adventurer and philanderer, but he acts as a teenager does. These logos represent the Turkish extended family and are symbols consistent with the Hofstede’s cultural collectivism (Hofstede 1983). Because these cartoon characters provide a brand identification and linkage with the Turkish collectivistic culture, Turkcell’s market share is sixty percent in Turkey.

To design a successful branding identity and image linkage for each national or specific culture requires companies not to anticipate the values and attitudes shared by individuals and groups within specific countries (Nandan 2005). These shared attitudes and behaviors shape each country’s behavior and beliefs about what is important (Hofstede 1983). To market a product within these various cultures requires understanding of how to involve the customer (Engeseth 2006), but each country’s culture norms, language, and symbols provide a different cultural framework on how to predict customer behavior within and between countries. For example, India’s culture is extremely strong and provides significant barriers to marketing in that country. Recently, Wal-Mart has attempted to enter the market in India on a partnership basis with Bharti, an Indian retailer. This partnership allows Wal-Mart to gain access to the market in India. Without the partnership India’s restrictive governmental policies prevent Wal-Mart from doing business in India. Not only does the partnership allow entry, but also the many of the invisible cultural barriers that Wal-Mart would have trouble identifying, can be avoided. By partnering with Bhartia, both partners can avoid failure, promote efficiencies and at the same time develop a proper brand identification and image to insure their product lines and service are culturally relevant to the Indian consumer.

A successful example of a global brand identification and image is Singapore Airlines. The airline took their country’s friendliness and made friendliness a successful company brand value on their flights.

The first global study that identifies and differentiates cultural dimensions was Hofstede’s work of almost thirty years ago (Hofstede 1983). These five dimensional approaches embrace individualism versus collectivism, power distance, uncertainty avoidance, feminine versus masculine and long term versus short term. The second study began in 1993 using data from 18,000 middle managers in 62 countries and provides nine dimensions on which a national culture can be evaluated and understood (Javidan and House 2001). These more recent nine cultural dimensions include Hofstede’s five dimensions and add four more dimensions: assertiveness, in-group collectivism, performance orientation and human orientation. The research of Javidan and House provides a basis for a cultural conceptual framework to analyze and understand the impact of various external cultural ramifications associated with a firm’s attempt to develop a successful brand across and within cultures. Table I provides a cultural
TABLE I
Cultural Dimensions

<table>
<thead>
<tr>
<th>Cultural Classifications</th>
<th>China</th>
<th>United States</th>
<th>Indian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualism or Collectivism</td>
<td>collective</td>
<td>individualistic</td>
<td>collective</td>
</tr>
<tr>
<td>Power Distance</td>
<td>high</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>high</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>Feminine or Masculine</td>
<td>feminine</td>
<td>masculine</td>
<td>feminine</td>
</tr>
<tr>
<td>Long-term or Short-term</td>
<td>Long-term</td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>Assertiveness</td>
<td>low</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>In-group collectivism</td>
<td>high</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>Performance Orientation</td>
<td>low</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>Human Orientation</td>
<td>high</td>
<td>low</td>
<td>high</td>
</tr>
</tbody>
</table>

Source: Javidan and House (2001)

classification comparison between India, China, and the United States.

The cultural classifications begin with individualism versus collectivism. Individualistic cultures focus on self and the immediate family. The collectivist cultures include a social framework that includes the extended family, groups, and the organization where the members of a collectivist culture look after each other. For example, China and India have a strong collectivist culture with tremendous respect for customs, traditions, rules and regulations that developed over centuries (Melewar, Meadows, Zheng and Rickards 2004). For the Chinese and Indian cultures, group membership revolves around the extended family that includes grand parents, aunts, uncles, and cousins as well as informal friendship groups and formal organizational groupings. Both cultures take pride in belonging to this in-group collectivism, which emphasizes the feminine aspect of the culture that is concerned with others and focuses on relationships rather than assertive, direct and competitive behavior.

Over the centuries this in-group collectivism developed strong customs, traditions, informal rules and procedures to avoid risk or behavioral embarrassment. These customs and traditions explain Hofstede’s concept of uncertainty avoidance. According to Hofstede uncertainty avoidance advocates predictable structured situations versus unstructured unpredictable situations. For example, Indian and Chinese families traditionally arranged marriages between families. These structured situations spill over into each country’s respect for authority, titles and status. This respect is consistent with the concept of Hofstede’s Power Distance, which is exemplified by the Indian and Chinese respect toward the elderly members of their society.

Despite the respect for the elders in both countries, neither culture embraces the gender differentiation dimension (Javidan and House 2001). This dimension measures the status and decision making responsibilities that women have within each culture. In the Indian and Chinese cultures the status of women and their decision-making responsibilities are historically limited. Although the Chinese equalitarian ideology focuses on society equality and individual and group relationships in China, gender status provides little decision-making autonomy for Chinese and Indian women compared to women in the United States.

The human orientation dimension by Javidan and House encourages fairness and kindness, but is difficult to evaluate. The historic Chinese ideology promotes a caring and
generous approach toward society as a whole, but this socialistic ideology focuses on society equality to promote fairness and generosity. Within the Chinese and Indian cultural systems specific individual or specific group rewards are not well developed or prevalent (Dessler 2007). Since China and India appear to be rapidly moving toward a semi-capitalistic approach to their economies, a more humanistic orientation might be developing within each country that is more in line with the more individualistic human resource approach present in western countries.

Similar to the human orientation dimension the performance-oriented dimension in China and India, where a society rewards individuals and group members for improvement, remains questionable. However, Hong Kong ranks high on the performance-orientation dimension, according to Javidan and House, because of the western influence from British rule. To enable the Indian and the Mainland Chinese to develop a more complete performance oriented system requires each country to move toward a free market economy. Since the Indian Government and the Chinese Government encourage their companies to compete on the world market, a more performance-oriented culture should develop and adapt to the international globalization trends in both countries. But the weak performance orientation present within China and India cultures has not permitted businesses within each country to more fully develop their human resource functions and marketing strategies (Dessler 2007). This lack of cultural assertiveness hinders Indian and Chinese companies, and their ability to develop a global aggressiveness strategy particularly in the marketing area, where building brand identification and image linkage can determine the success or failure of a product or service.

BRAND INTERACTION AND THE CHINESE CULTURE

To further explain the importance of the cultural impact on brand identification and the image linkage there are a number of examples that illustrates the linkage. When Mrs. Fields cookies were introduced in Hong Kong, employees offered morsels for tasting purposes to prospective customers. Customers declined the offer. The custom in China, Korea, Taiwan, and Hong Kong did not permit individuals to pick up food that was not wrapped. Also, when doing business with customers who were not friends, the custom was to place the money exchanged on the counter as opposed to handing the change back to the customer on a hand-to-hand basis. As a result of these customs Kentucky Fried Chicken’s finger licking good branding advertisement did not succeed in China.

Currently, Chinese youngsters flock to the homegrown versions of MySpace and YouTube (Einhorn 2007). For advertisers identifying the acceptable social standards and boundaries becomes risky and presents a business dilemma based on the social mores and values present in the Chinese culture and from the political rules and regulations that spring from these mores. As an example Yoqu, the Chinese MySpace or YouTube, appeals to the younger Chinese generation. However, government censorship becomes a significant hurdle. Yoqu translates as “good” and “cool”. This linguistic branding is acceptable, but the Chinese Net Cops did not approve of the racy videos on the Yoqu Web. In other countries a naughty video might anger parents and certain types of groups, but in China the government censors requested the videos be immediately removed from the Web. This censorship means all content has to be reviewed before uploading to the Web site, which increases the cost and the risk of doing business. For example, 2007 was the year of the pig, and Nestle planned a TV ad depicting a smiling cartoon pig (Fairclough and Fowler 2007), but the Chinese state-run TV network banned the pig commercial. China’s political agenda did not want to convey a brand image that violates Muslim religious principles. According to Muslim beliefs, the pig represents a lack of cleanliness.
THE INDIAN ENVIRONMENT

There is a great degree of diversity within India, which is only to be expected given its size and population. There are wide variations in terms of religious sects, languages and dialects, food, regional customs, and wealth. Global companies, who treat India as a monolithic entity do so at their own peril. Successful marketing in India requires a thorough knowledge of the social, cultural and economic characteristics of the Indian consumer, which means companies need to be careful about how they select target markets.

Because consumer behavior in India has undergone a remarkable shift in the last two decades, the process of economic liberalization and global integration that began in 1991 has influenced two fundamental trends: (i) Indian consumers have easy access to global brands such as Coke, Pepsi, McDonald’s and IBM, (ii) India has emerged as a global outsourcing power. One manifestation of the change in consumers, especially among the middle class, is the shift from price sensitivity towards emphasis on value.

International companies desirous of conducting business in India also have to face global and local competition. According to Roy (2005), it is possible to develop globally competitive companies in almost any sector in India. In fact, India and China are emerging as low cost competitive players in knowledge based industries. This competitive spirit has been demonstrated by the success of Indian companies such as Reliance, Infosys, Tata, and Wipro. Clearly, in India an abundant supply of highly educated, English speaking professionals has been instrumental in these company success stories.

The emerging consumer sectors in India include telecom, retail, entertainment, insurance, and healthcare. The growth of these sectors and the growing affluence of a sub-segment of the middle class fuels conspicuous consumption.

BRAND INTERACTION AND THE INDIAN CULTURE

Colgate-Palmolive Company has adopted a branding strategy in India that goes beyond product attributes and labeling. For example, in India the Company’s Colgate toothpaste brand builds on relationships with the consumer by emphasizing benefits of oral hygiene. To establish brand loyalty the company sponsors programs on oral health in some Indian schools (Sengupta 2006), and utilizes its web-site to foster oral hygiene solutions on a daily basis.

Disney popularized the concept of theme parks. However, to succeed in India, theme parks have to contextualize the concept to suit Indian tastes by combining popular entertainment with core spiritual values. A proposed theme park is proposed for Haridwar, which is a revered pilgrimage spot for Hindus and attracts 18 million visitors every year. In addition to high-tech rides and food courts, the theme park will feature knowledge centers about Indian spiritual heritage. This localized strategy provides popular entertainment. At the same time the project emphasizes the rich Indian cultural heritage, which increases the probability of success.

In the Indian Telecom market the Telecom companies, Nokia and Motorola, are taking advantage of the rapid growth. In just a few years India’s mobile phone user base has increased exponentially from 5 million to 105 million, and the Ministry of Telecom expects 250 million connections during 2007 (Lakshman 2006). Therefore, global brands such as Nokia and Motorola are offering more feature-laden phones in the Indian market. On the one hand they are positioning their products as status symbols for the affluent urban market, and on the other hand they are providing lower-priced models to rural consumers.

To promote global brands companies are increasingly using Indian celebrities in their advertising campaigns, both in India and abroad. Movie stars such as Amitabh Bachan and Aishwarya Rai, and cricket players such as
Rahul Dravid and Sachin Tendulkar, are being used as brand ambassadors for national and international campaigns. According to Saha and Sinha (2006), some examples of this phenomenon include Japanese watchmaker Citizen, which has signed the current captain of the Indian cricket team, Rahul Dravid as its brand ambassador in India as well as in the USA. Also, Indian movie stars Abishek Bachan, Shah Rukh Khan and Aishwarya Rai are brand ambassadors for global companies Omega, Tag Heur and Longines respectively.

To adapt to cultural eating habits of the Indian population and avoid cultural violations of the Indian religious principles, fast food brands such a Pizza Hut and McDonald’s have adapted their offerings in India according to Bhan and Nemer (2006). McDonald’s has not offered its main staple of beef-based products in India for fear of offending segments of the population who may regard the cow as being sacred. The “Big Curry Mac” and “McAloo Tikki” burgers do not use beef and are very successful in India. Similarly Pizza Hut has launched “Tandoori Pizza,” which has a flavor that is more attractive to the Indian palate than American pizza.

**CULTURAL AND BRANDING: KEY ISSUES FOR GLOBAL COMPANIES**

As economic and political integration transpires through globalization, local and national customs, traditions, standards, and boundaries begin to dissolve, which leads to an extremely complex diverse global environment, and provides businesses with the need and the opportunity to read, identify, and develop new cultural competence. To help companies identify these cultural patterns, segments and variances a number of concepts and questions are listed in Table II. These encourage businesses to build on the present cultural capital within countries to create new successful marketing techniques, and at the same time to prevent unsuccessful product development, promotions, pricing and distribution.

To answer some of these questions there are numerous examples that exemplify the risk and dilemmas associated with branding and different cultural implications. For example, different cultures develop less visible formal and informal rituals. In Japan formal gift giving is a widely accepted ritualistic standard of courtesy. In the United States gift giving is perceived as a bribe in business. The Japanese have a low tolerance for ambiguity and are very formal, indirect and patient in their business dealings. In contrast, the United States culture has a high tolerance for ambiguity and is informal, direct, punctual, and time oriented. These cultural differences appear superficial, but can spell the difference between successful business practices and unsuccessful business endeavors. For example, the Japanese and Korean companies have stressed the importance of branding, and as a result the Chinese

| TABLE II
<table>
<thead>
<tr>
<th>Cultural and Branding Issues for Global Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>What cultural standards and boundaries are present in the country?</td>
</tr>
<tr>
<td>Are the boundaries dependent on the values within the culture?</td>
</tr>
<tr>
<td>What social, religious, and political values pre-dominate in the culture?</td>
</tr>
<tr>
<td>Are there linguistic differences that can affect branding?</td>
</tr>
<tr>
<td>How is quality perceived in each culture?</td>
</tr>
<tr>
<td>How do the rituals and stories impact branding?</td>
</tr>
<tr>
<td>Are there local and national attitudes that affect the branding of a product or service?</td>
</tr>
<tr>
<td>Do subcultures and demographic segments exist within each country or culture?</td>
</tr>
<tr>
<td>Is the culture formal or informal?</td>
</tr>
<tr>
<td>Is the culture direct (low context) or indirect (high context)?</td>
</tr>
<tr>
<td>Does the culture have a low or high tolerance for ambiguity?</td>
</tr>
<tr>
<td>How is cleanliness or punctuality perceived?</td>
</tr>
</tbody>
</table>
perceive Japanese and Korean products as superior in quality (Ahlstrom, Nair, Young and Wang 2006).

To create a brand strategy for a single global or multi-national brand given the diversity of world cultures presents a challenge for international firms. Obtaining information about the laws and tax policies about a country doesn’t require too much research. However, brand identification and image linkage becomes quite complex because most cultural patterns and cultural segments are invisible to the outsider. Over the centuries the social, religious, psychological and political values have evolved to produce different local and national values, customs, and traditions. These patterns are not easy to decode, not only for individuals within the culture, but even more so for those individuals not raised within the culture. These cultural variances on one hand provide cultural barriers for businesses and on the other hand provide a whole new set of marketing segments and opportunities for businesses to identify. However, these new marketing opportunities come with a new set of risks. Each local and national cultural segment has different values. This variation in values produces a variation in cultural capital with different customs, standards, boundaries, and symbols between and within countries. For example, low context cultures such as the United States focus on direct written agreements whereas high context cultures such as the Asian cultures focus on what is unwritten and indirectly implied (Hall 1976).

Creating well-known brands and successful marketing techniques consistent with a country’s cultural dimensions represents a challenge for international firms, but is necessary for success. Branding builds customer awareness, encourages repetitive purchases, loyalty, enhances pricing power, facilitates brand extensions, promotes distributional efficiency, and provides a competitive advantage in promotional efforts. By analyzing a country’s cultural framework a firm can anticipate and avoid cultural pitfalls. A company that has a globalization strategy or a multi-national strategy should research each country’s cultural dimensions, local patterns, and segments for the purpose of aligning the firm brand and image with that country’s culture. This brand-image alignment enables a firm to quickly and successfully build brand equity in the global-local market place. Brand equity leads to profitability and provides a bankable asset. For example, recently Sears issued bonds solely based on the Kenmore, Craftsman and Diehard brands (Berner 2007).

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