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# Global versus Local Branding

**Why is there a constant debate about local versus global marketing?**

**Simon Thompson:** There is a feeling at chief executive level that a single, consistent and global approach to marketing will save money. However, from a marketing perspective, there is no such thing as a global consumer. I've never met a person who is exactly like me and the principle of marketing should be about targeting the consumer most appropriately. The more appropriate the marketing the higher the potential conversion rate and the better the overall ROI.

A conversation with **Simon Thompson**,  
European Managing Director, LastMinute.com

### **Would you say then that a global consumer with consistent wants and desires exists?**

That is the golden question. I think the answer is no. People think they can do demographic profiling by postcode, but I'm delighted to say that my neighbours to the left and to the right hand sides have completely different family circumstances, work in completely different industries, and have completely different tastes in terms of what they want to buy and do. So if there doesn't appear to be commonality on this very micro level, how on earth can one expect to get commonality between someone in Italy, Spain, Germany, Japan or in North America? North American-based organisations have a higher propensity to lack understanding in this area due to a 'centralised command and control' mentality.

### **Could it not be argued that today's fast-paced communications has given birth to a global consumer?**

Yes, and it is a fair debate. Therefore, communications consistency on a global perspective is important since consumers can access your brand in other markets, particularly as international travel increases. It is pointless then, for a brand to represent very cheap products or services in one market, but then be known to be something very expensive in another; it is counter-intuitive. From that perspective, there would be an argument for a consistent proposition on a global basis. But the question is, to what extent should this go?

### **In a recent Criticaleye Discussion Group on global brands, Boots was discussed as being perceived as a regular high street brand in the UK, whilst in Hong Kong it has a premium branding association. Why is that?**

Yes, it's a classic example of where globalised marketing would not work. If a global approach had been taken, Boots would end up with some very inappropriate

marketing. It could risk being too high brow for the UK consumer, and/or lose out on an opportunity in Hong Kong.

### **Can a company have a local profit and loss with a global marketing approach?**

I believe not. Most companies with a localised marketing approach hold regional branches accountable for delivering their business plan. If somebody in headquarters is making all the marketing and therefore the demand generation decisions, how can the local team be held accountable when the marketing activities do not deliver positive results? The last thing a business needs is an opportunity for local leadership to shirk accountability.

### **Does the consumer want a local or a global brand?**

The consumer wants something that is completely appropriate to them and doesn't care whether it comes from a local or global source. From their perspective, there isn't a great benefit to knowing that the brand exists in every single market worldwide unless of course they intend to use the product all over the world. On the counter side of it, in the B2B World, it might be a positive advantage to have a truly global brand. I am sure IBM have leveraged this reality for many years.

### **So, does a single brand promise work in all markets?**

Not necessarily, and Boots' example highlights exactly why not. On the other hand, look at a brand like Apple, which has an iconic global standing; their product design and cutting-edge technology are successful in most markets. Apple's product line is basically two products (iPod/iPhone and iMac), and the consumers that buy these products are quite similar the world over - at least in terms of their needs and wants. So in this particular case you could argue that a global approach might actually work where it's a simple product with a simple promise.

### **So can a company have a consistent global brand identity?**

Should a product have the same badge and the same colour all over the world? Take the colour red, which in most western markets, can mean danger, but if you go to China, it actually means good luck. Therefore the actual colour and its relation to corporate identity should be examined and a flexible approach must be applied.

But then some companies, such as Coca-Cola, keep the look and feel, but go by another name in local script. It still looks and feels like Coke, but they have taken a sensible approach to localisation. Other companies have to alter their names because their attachment to a certain nationality can actually be a barrier to entry in some parts of the world.

### **Who then, should be accountable for satisfying the needs of the local consumer?**

My view is that those who touch the local consumer, at the point of sale, need to be accountable for satisfying that consumer. Whether the marketing materials come from a global or regional perspective, fundamentally, Italians need to look after Italians, Spanish need to look after Spanish and the British need to look after British. They should also be the final approvers of any marketing work. This should never be forgotten.

### **How should this be managed?**

Those who face the customers should be local. The idea of taking people from headquarters and flying them around the world as troubleshooters in different countries is probably not the best approach. It's a very North American approach. The Japanese however, tend to localise their operations with local people and they are probably more successful at integrating their business into local society around the world than any other nationality.

*The consumer wants something that is completely appropriate to them and doesn't care whether it comes from a local or global source*

Their global long-term success, growth and stability is a result of this mentality.

### **Who does the local approach work best for, the consumer or the large company?**

Without a doubt, it works best for the consumer and in the longer-term the corporation.

On paper, a localised approach will not sit well with large organisations because it means that there is potentially more duplication, and companies have to carry a higher headcount. So, for instance, instead of doing one brochure, you might end up doing ten. This is why CEOs and CFOs in large companies like the idea of global marketing because on an Excel spreadsheet it looks great. But, if the marketing is more appropriate for the local consumer, then you should be able to sell more products, at a higher price, so the overall equation will balance.

I am not convinced that the most senior global leaders in corporations understand the balance of marketing effectiveness versus cost, but they should.

### **Putting cost aside, isn't the 'command and control' approach much easier to manage?**

It makes execution simpler because it requires one team with one direction, but do you then lose efficiency and ownership? Furthermore, if the local teams don't feel as though they're in charge of their own destiny, motivation and accountability will be lost.

### **Who do employees engage best with, a local or a global brand?**

Employees are very much like consumers; they want to work for a company that is right for them. If you're Italian I think you'd like to work for a company that was good for the Italian people. The fact that it might be owned by the Japanese or the French or the Germans or the Americans is almost irrelevant to get a truly engaged workforce. People look at their local leader for motivation, direction and development.

### **How have your experiences working with Honda, Motorola and LastMinute.com impacted your viewpoints?**

Honda had a market-by-market approach and Motorola was much more centralised. The benefit of Motorola's approach is that there was very fast execution to market. The downside was in many cases, it wasn't always suitable for the local consumer.

Honda had local markets run by local people, so it had fantastically appropriate marketing for the consumer, but it was very expensive to produce on a market-by-market basis.

When I joined, LastMinute.com had a completely localised marketing strategy. We then established the hybrid approach of group level strategy combining measurement with localised execution and planning. So, we do a lot of our work on a group basis, such as market research, consumer segmentation and our brand strategy. But, we allow the regions to come up with their own marketing communications, merchandising of their website and established timelines based on execution of strategic items such as the brand strategy. It is working well.

### **What challenges have you faced with this hybrid model?**

One challenge is making sure that the lines of accountability are very clear, because all of our profit and loss accounts are done on a market-by-market basis. It has also been quite difficult to find where the line should be drawn between what is local, what is regional, and what is global. But the biggest challenge has been the recruitment of people who can work in this environment; great networkers with small egos in the marketing community are hard to find.

### **What impact do you think the current economic climate is going to have on this? Will companies revert to 'command and control', or reach out on a regional level?**

Unfortunately, when things go quiet, the business decision-making shifts from considering the consumer, which is the role of marketing and sales (and who generally have the power when the business is doing well), to the finance function. And because finance doesn't understand the intricacies of how markets or consumers work, they get out their spreadsheets and opt for the global approach. However, it has been proven that those organisations that spend on marketing during a downturn find their sales accelerate when the upturn begins.

One plus one equals two in finance, but, in the land of the consumer, the calculation is very different. The tension between marketing and finance is important; neither side should ever have the upper hand.

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### **TOP TIPS FOR MARKETING LEADERS**

- Never forget that your job is to understand and satisfy your consumer
- Start everyday thinking about your existing customers before you start prospecting for new ones
- In a downturn change your language and marketing measures to reflect a shorter term sales focus. Talking about longer term brand value improvement will result in contract termination!
- Marketing is about making profit not about advertising
- Keep looking at marketing in terms of its value, not only its cost
- Marketing will never understand finance and finance will never understand marketing; this tension is important



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Simon joined LastMinute.com as CMO in April 2007 arriving from Motorola via Honda. Formally educated at university in Computer Science, Simon's professional recognition includes numerous Cannes Lions for outstanding creative work. He is ranked among the UK's top marketers by the Marketing Society and Marketing and Campaign magazine.

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