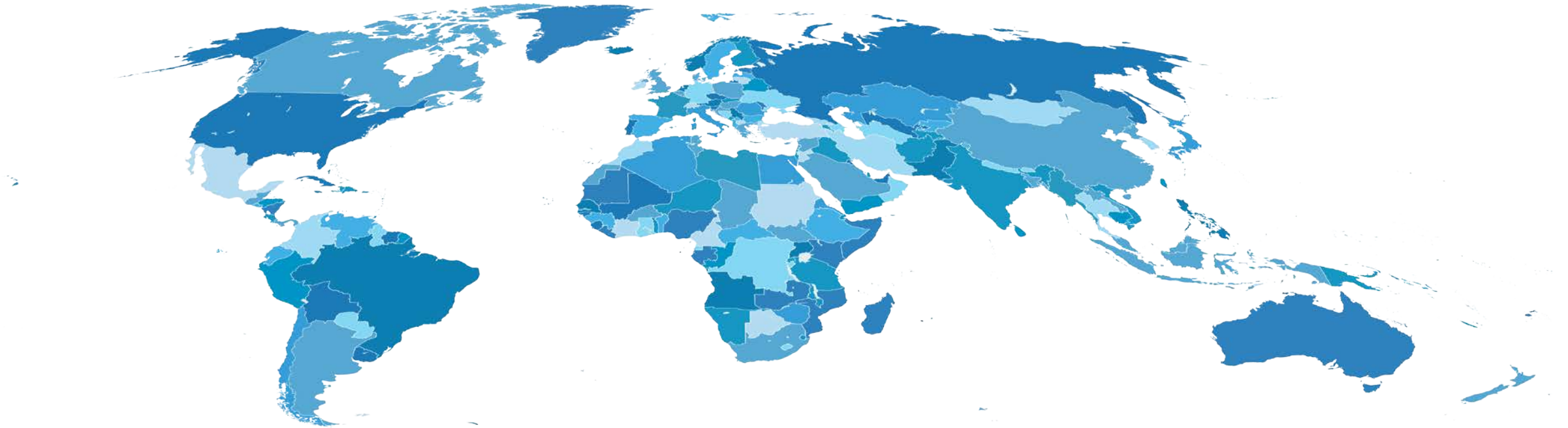# Customers Propositions for Global Brands and Global Marketing Mix

George T. Kastner, PhD – CEO First GTK, LLC.

Customers Propositions for Global Brands and Global Marketing Mix

Today's dialogue is structured on the following topics:

1. Our changing World – Technology Impact

2. Value messaging in Globalized Markets

3. Global Markets and Global Brands ………. Local Message?

4. Key challenges and how to tackle them?

5. Final message

Customers Propositions for Global Brands and Global Marketing Mix

Scope definition:

Customers Propositions – "a positioning statement that explains what benefit you provide for who and how you do it uniquely well."

Salesforce: "Connect to Your Customers in a Whole New Way"

Uber: "Get there: Your day belongs to you"

Global Brands – Shaped by the following factors: Firm based characteristics; Product-market factors; and Market dynamics, it encompasses local markets **(Coca Cola; UBER).**

Global Market Mix – Defining**;** in an adapted manner the **P**rice**; P**roduct**; P**lace**; P**romotion**: P**hysical evidence**; P**eople**; P**rocess

Our changing World – Technology Impact

"...Facebook didn't exist; Twitter was a sound; the Cloud was in the sky; 4G was a parking place; LinkedIn was a prison; Applications (Apps) were what you sent to college; and Skype for most people was a typo. All of that changed in just the last six years..."

Thomas L. Friedman, author of "*The World is Flat*" 2004 and "*How America Fell Behind in the World It Invented and How We Can Come Back*" **2011.**

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Our changing World – Technology Impact

INTERNET GROWTH with over 4 BB users worldwide is changing the business landscape fast --- very fast (tripled in 12 years**)**

- Internet related consumption and expenditure is now larger than the agriculture or energy sectors

SMARTPHONE USAGE has doubled in the past three years, reaching 2.87 BB

- 28.2 trillion mobile messages in 2017, 92% growth in five years

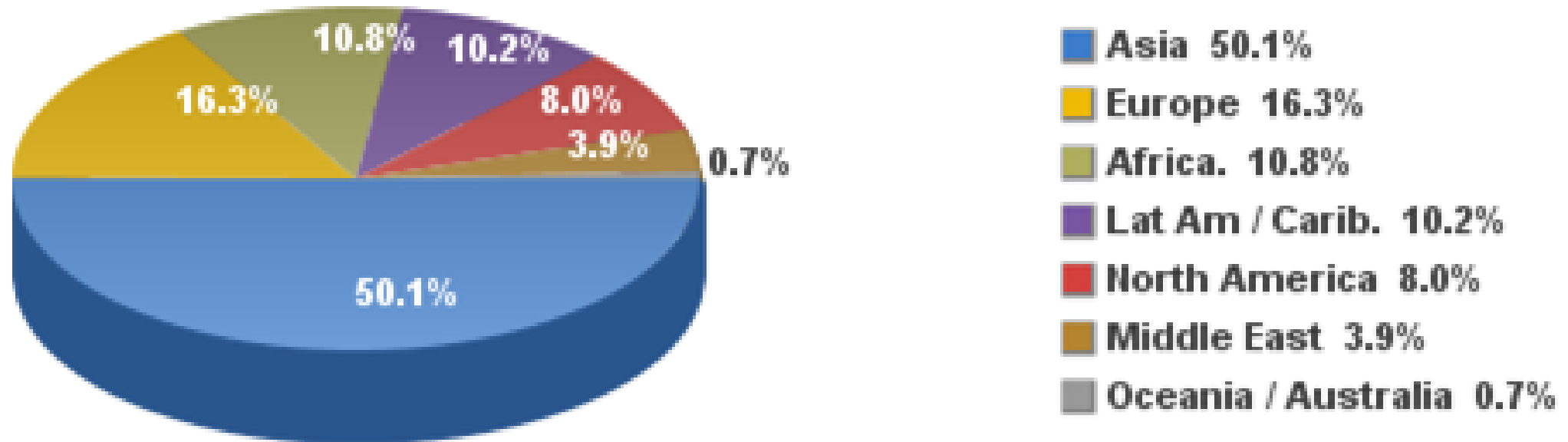**TECHNOLOGY BASED COMMUNICATION** it is a huge global opportunity

TECHNOLOGY BASED COMMUNICATION it is a huge global opportunity

The NBA

- NBA finals are televised in over 200 countries in 40 languages
- Over 20% of the almost $1 BB in annual TV revenues are from International markets
- About 30% come from globally solid licensed basketballs, jerseys, backboards, etc.

GLOBALIZATION IS A HUGE OPPORTUNITY WITH RISKS
AND CHALLENGES THAT NEED TO BE MANAGED

Internet Users in the World by Regions – March 2019

Legend:
- Asia 50.1%
- Europe 16.3%
- Africa. 10.8%
- Lat Am / Carib. 10.2%
- North America 8.0%
- Middle East 3.9%
- Oceania / Australia 0.7%

Source: Internet World Stats - www.internetworldstats.com/stats.htm
Basis: 4,312,982,270 Internet users in Dec. 31, 2018
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JAN 2018

DIGITAL AROUND THE WORLD IN 2018

KEY STATISTICAL INDICATORS FOR THE WORLD'S INTERNET, MOBILE, AND SOCIAL MEDIA USERS

TOTAL POPULATION	INTERNET USERS	ACTIVE SOCIAL MEDIA USERS	UNIQUE MOBILE USERS	ACTIVE MOBILE SOCIAL USERS
7.593 BILLION	4.021 BILLION	3.196 BILLION	5.135 BILLION	2.958 BILLION
URBANISATION: 55%	PENETRATION: 53%	PENETRATION: 42%	PENETRATION: 68%	PENETRATION: 539%

SOURCES: POPULATION: UNITED NATIONS; U.S. CENSUS BUREAU; INTERNET: INTERNETWORLDSTATS; ITU; EUROSTAT; INTERNETLIVESTATS; CIA WORLD FACTBOOK; MIDEASTMEDIA.ORG; FACEBOOK; GOVERNMENT OFFICIALS; REGULATORY AUTHORITIES; REPUTABLE MEDIA; SOCIAL MEDIA AND MOBILE SOCIAL MEDIA: FACEBOOK; TENCENT; VKONTAKTE; KAKAO; NAVER; DING; TECHRASA; SIMILARWEB; KEPIOS ANALYSIS; MOBILE: GSMA INTELLIGENCE; GOOGLE; ERICSSON; KEPIOS ANALYSIS. NOTE: PENETRATION FIGURES ARE FOR TOTAL POPULATION (ALL AGES).

Hootsuite™   we are social

Customers Propositions for Global Brands and Global Marketing Mix

Whatever we do in capturing markets we need to remember at least the following:

1. One approach cannot work everywhere; no such thing as one size fit all

2. We are a borderless society, but not a uniform society

3. Emotions and intimacy present higher challenge for impulse purchasing

Value Messaging in Globalized Markets
Find the right balance in a dynamic setting

Global Branding

Local Cultures

Customer Experience
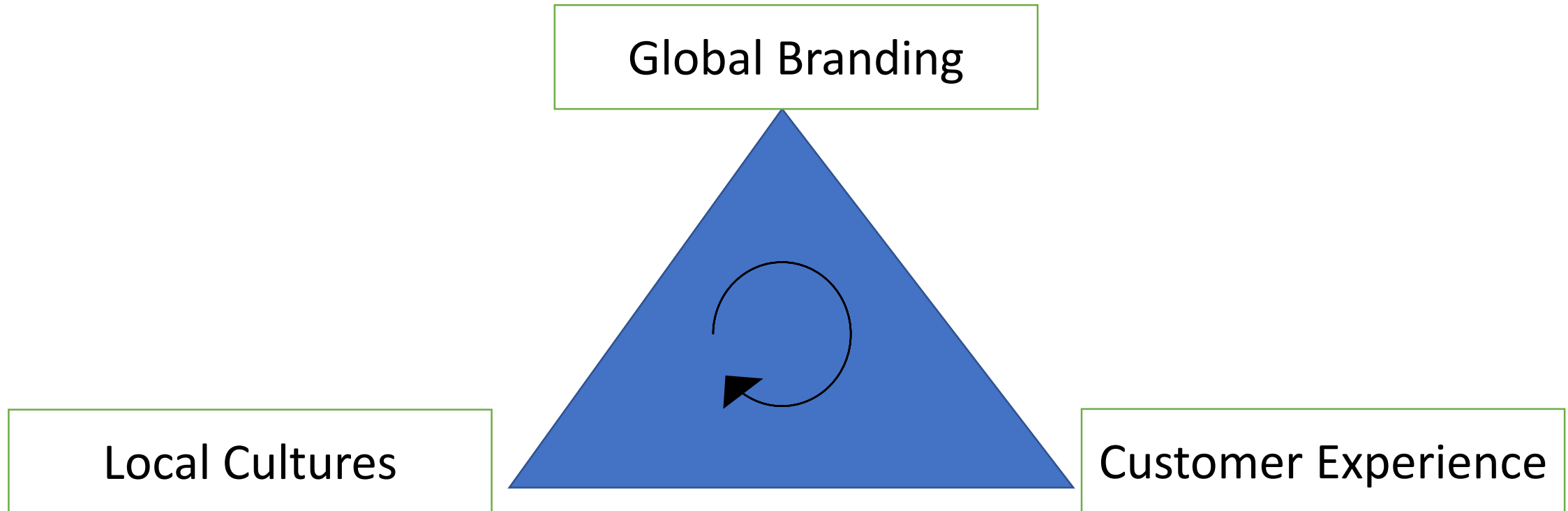
The Brand has to become GLOCAL, and the mix glocalised

Value Messaging in Globalized Markets

Brands that maintain consistency across global markets are 20% more successful than those that do not (McKinsey Research, 2017**)**

- Customer comfort – a strong brand communicates a subconscious trust leading to positive conversion

- A balancing act – be as consistent as possible while also being locally relevant...how to shift between the two is the "trick" (Tim Mahoney, CMO of Global Chevrolet, 115 countries)

- Translation vs Interpretation – language skills are not enough, knowing the hidden messaging is what makes global become more local

Value Messaging in Globalized Markets

The value proposition adaptation decisions are key

- Key elements to consider – quality, appearance, packaging, style, social behavior, physical legal requirements, information, habits, climate, standard of living, customer preference, size, taste, performance, measurement, safety definition, permits, etc. etc. etc.

- Law and regulation – may take months and at times years (Energy Bombs)

Value Messaging in Globalized Markets

The value proposition globalization matrix

The Offer

	Same	Different
Same	Global "Mix"	Global Message
Different	Global Offer	Global Change

The Message

Global Markets and Global Brands ………. Local Message?

The value proposition globalization matrix offers four generic global strategies:

1. Global "Mix" - (pure aggregation approach) offer and message are the same

2. Global offer – identical offer (product/service aggregation) but different positioning (message adaptation)

3. Global Message – the offer is different (product/service adaptation) but the message is the same (message aggregation)

4. Global Change – both the offer and the message are adapted to local markets

Global Markets and Global Brands .... Local Message?

The value proposition globalization matrix offers four generic global strategies:

1. Global "Mix" - (pure aggregation approach) offer and message are the same >>>>>>>>>>>>>> **RARE**

2. Global Offer – identical offer (product/service aggregation) but different positioning (message adaptation) >>>>>>>>>>> **IDENTICAL CORE BENEFITS**

3. Global Message – the offer is different (product/service adaptation) but the message is the same (message aggregation) >>>>>>>> **ONE MESSAGE WORLD WIDE LEVERAGING THE BRAND IDENTITY**

4. Global Change – both the offer and the message are adapted to local markets >>>>>>>>>>>>>>> **MOST COMMON BEST FIT APPROACH**

Global Markets and Global Brands .... Local Message?

We assess several Brand Classification

- Value Brands

- Mass Brands

- Premium Brands

- Prestige Brands

- Fun Brands

- Intimacy-emotional Brands

We assess several Brand Classification

Value Brands

- Best functional/operational value for the least cost for the customer

- Acceptable quality for low price no emotional benefit

- Appeal to: lower income customers; smart shoppers (do not pay when you do not have to); do not care of product category (B2C, B2B) ---------- appeal may vary between cultures

- The size of the segments is limited; They buy since they cannot afford spending more (negative reason, no loyalty); locals occupy the low cost position; social mobility grows; brands leave

We assess several Brand Classification

Mass Brands

- Ignore market segment differences and appeal the whole market with a single offer of a somewhat higher quality

- Mass brands focus on **high sales** and a somewhat **higher than average price** and **higher quality** aiming to provide products and services that will appeal to a universal market

- Mass brands are the majority of sales in most industries

- Many companies have a mass brand between their premium brand and value brand (Toyota)

We assess several Brand Classification

Premium Brands

- A high position within a market, based upon the faith and confidence of consumers

- High profit margins extending brand equity

- Promising the best functional performance (service delivery included) in the market at a premium price (willing to stand by it – Lexus of North Miami)

- Appeal to risk averse B2B purchasing, and to B2C who relate to functional logic **and** emotional appeal

We assess several Brand Classification

Prestige Brands

- Often understood as a luxury brand with different meaning to different buyers (Cost – store – make)

- Promise the best functional performance at a premium price, appeal to those who have the financial resources; or those who depend on the product category to achieve their own goals

- New approaches started showing up under branding that messaged: "affordable luxury" or "masstige" or "super-premium" all appealing to the shift in socio-economic structure

- From Prestige brands to **Ueber brands** projecting prestige with higher prices, rarefied image, evoking pride and aspiration through almost mythical stories

- Premium + Prestige brands jointly are the luxury brands (Bentley, Ferrari)

We assess several Brand Classification

Fun Brands

- Commonly with value brands it has a low price positioning, but fun brands are about lifestyle, and enjoyment
- The market and universal and is identified as those who seek constant new experiences and stimulation (quickly obsolete)
- Mostly the global youth segment, influencer dependent and fickle in its preferences and loyalties
- Swatch, Zara, H&M, Scion(?), Oddka Vodka, ThinkGeek

We assess several Brand Classification

Intimacy-emotional Brands

Emotions drive decisions: the emotional tail wags the rational dog (J. Haidt, 2016)

- Intimacy brands bring organizations closer to their customer by focusing on their needs and wants; requires operational flexibility and product/service leadership[

- When brand intimacy is built then a two way communication between the consumer and the brand has been achieved

- Kevin Roberts (CEO, Saatchi & Saatchi) states: "Traditional branding practices have become stultified. What's needed are customer-brand love affairs (lovemarks) with mystery, magic, sensuality and the like"
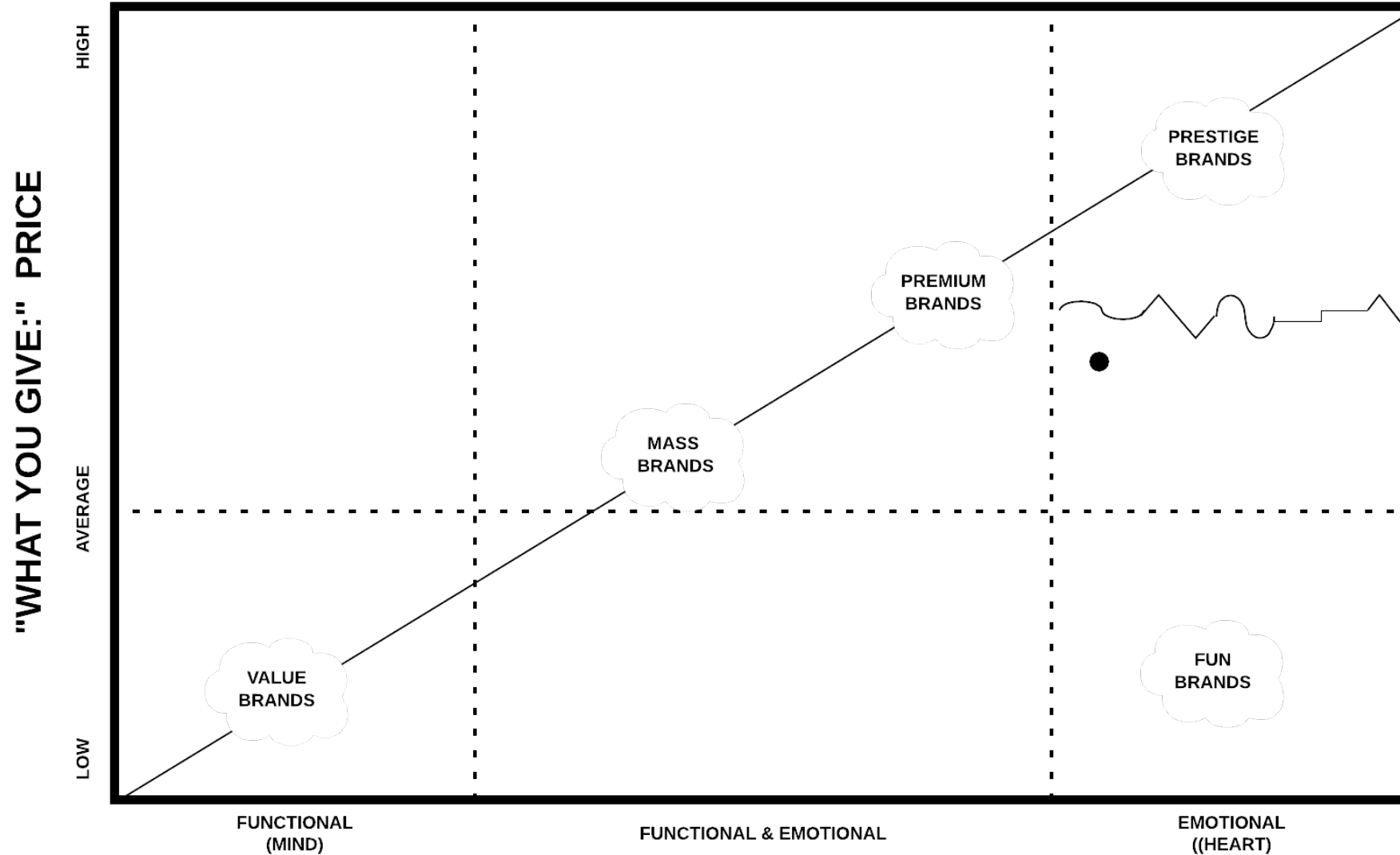
We assess several Brand Classification

Intimacy-emotional Brands

Emotions drive decisions: the emotional tail wags the rational dog (J. Haidt, 2016)

- Emotional connections build stronger lasting relationships with product/service, usage, and mutual value
- Can be applied to several branding strategies

We assess several Brand Classification

"WHAT YOU GIVE:" PRICE (vertical axis: HIGH, AVERAGE, LOW)

"WHAT YOU GET:" NATURE OF THE BRAND BENEFITS

Horizontal axis categories: FUNCTIONAL (MIND) | FUNCTIONAL & EMOTIONAL | EMOTIONAL ((HEART)

Brand clusters shown: VALUE BRANDS, MASS BRANDS, PREMIUM BRANDS, PRESTIGE BRANDS, FUN BRANDS

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Key challenges and how to tackle them?

The decision steps

- Looking at, assessing and learning at Global marketing environment
- Decision factors, from understating to financing
- Selecting the "right" market(s)
- Determining how to enter the selected market(s)
- Defining the scope of the "glocal" marketing program
- Develop the global management/marketing organization/vehicle

No short cuts!

Key challenges and how to tackle them?

Management has to deal with:

- Selecting the Market
- Economic environment
- Trade Tariffs, WTO, Labor laws
- Political Legal Environment
- Culture Sensitivity
- Genetics
- Language

- Investments
- Licensing
- IP
- Contract Manufacturing
- Distribution channels
- Global Marketing Organization

Key challenges and how to tackle them?

The list can be put into six key categories

1. Which regions to prioritize and how many languages to translate content into; Culture, religious and business norm constraints;

2. Budget and resource constraints limit the number of campaigns, forcing triage and delays of which markets receive what content and when;

3. Difficulty coordinating local, regional and global campaigns while also maintaining brand and message consistency;

4. Tried translating superficial levels of content, but it isn't driving demand (e.g., just translating one email and the first layer of a web page, and the rest is in English);

5. Localization process is too time-consuming and impossible to scale for the amount of content and campaigns necessary to reach all target regions; and

6. Personal, societal values and business practices penetrating the home office

Key challenges and how to tackle them?

Five key responses are a must:

1. Make sure all your regions have access to your marketing automation platform. When it's time for localization, using a translation automation platform plugged into your marketing automation platform will speed time-to-market. **Build on multi-cultural expertise.**

2. Draft "vanilla" source content in your marketing automation platform that is informative and engaging, but that doesn't include cultural references, idioms, metaphors, etc. that are not easily translatable. Thinking about global audiences from the start, not as an afterthought, will accelerate the localization process. **Knowledge and expert support saves time, money and protects the brand value.**

3. Test new markets, assess objectively with local talent and organization. **Develop partnerships locally, everyone needs a guide.**

Key challenges and how to tackle them?

Five key responses are a must:

4. Localize and study the target audiences, then review campaign response rates and Web traffic analytics to determine which markets demonstrated the most interest in your products and messaging. **Build on facts not opinions.**

5. Introduce a well funded, flexible organization with quick response time and high level of autonomy. **Be present on the ground.**
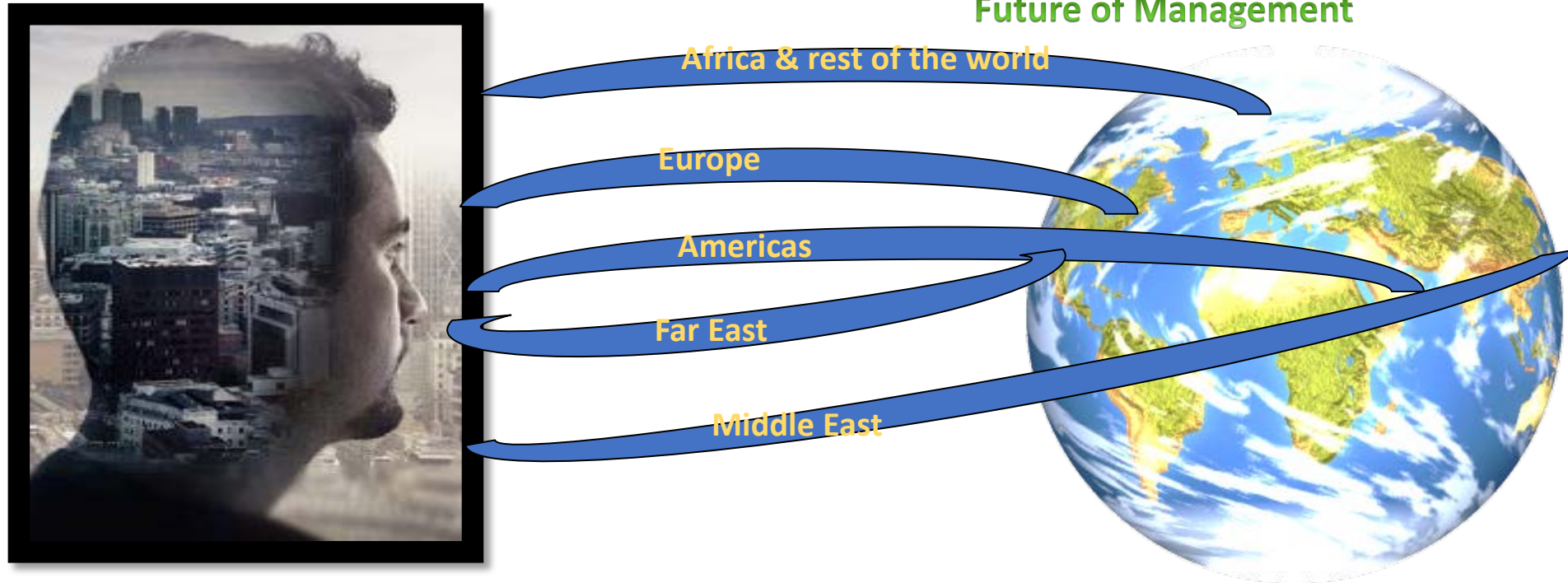
Final message

**"We will all live in a borderless,
technologically driven,
socio-economically evolving future"**
G. Kastner

See you on the moon, bring your galactic
iPhone XX, hovering **NIKE** shoes, automatically
color and temperature adjusting **Inditex** outfit.
We plan to have a **Green Bull** health drink
and an **Energy Bomb** to participate in
3D NETFLIX virtual new series.