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Global Brands Marketing: A Core Concept

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Abstract—*The marketing strategy is the foundation of a marketing plan.With increasing globalization and international trade; a number of international brands are entering into India which is one of the fastest growing and highly competitive markets in the world. Though, most of the global firms failed to understand the needs of Indian consumers as well as the market characteristics but there are a few of them who have been successful in positioning their brands into the Indian market because they attempt to understand well the needs of target group before introducing a brand into the market. Even some of the most successful brands in today's time had committed several blunders or mistake while initially entering into Indian market. For instance, Kellogg's, McDonald's, LG and Coca-Cola are among such global brands who initially introduced standard products by following standardized global strategies but later realized their mistakes and thus modified their product or services according to the needs of Indian consumers and became successful. In today's scenario brands are the basis of consumer relationship. Global brand is a product that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. Brand is the biggest asset of any company. This research paper is an attempt to investigate why some international brands, that are successful globally, fail to attract significant market share in India.*

1. INTRODUCTION

When the Indian markets were opened to the world after the complete overhaul of the policies related to the entry of Multi-National Corporations (MNCs) in India, most of the global brands started entering into the Indian markets. India is among the largest markets of the world in terms of its sheer size along with China which together account for 37 percent of the overall world population. Having the huge potential, India is one of the most promising and progressively growing economies in the world. Followed by China, it has a large consumer base backed by the huge populations having a considerable amount of spending power. Though, a large number of Global brands have entered Indian markets, but not all were able to crack the success mantra for the mysterious, complex and a diversified market where the tastes and preferences of customers change after a few kilometers to the either side of the market. Indian market is so complex because of the large number of cultures, religions, diverse levels of income of the people. Moreover, a wide rural and urban divide creates another challenge in front of companies while establishing effective distribution network. Given the huge diversity of people and challenges related to distribution, the Global firms need to adapt to the local market conditions in order to attract the customers towards their brands. Despite huge potential, a number of MNCs have not been able to reach the levels of success that they have either enjoyed in their home markets or the markets world over. These global brands upon their entry in the Indian markets used the most successful of their companies' strategies the world over, but these strategies failed in the Indian market because of which these MNC's sometimes incur huge losses. According to Choudhary et al. (2012), the MNCs can try and use a three steps approach to succeed in the Indian market –

(a) Organize its business structure for Indian market;

(b) Customize their offerings for Indian markets; and

(c) Form partnerships with Indian companies.

In this paper, the cases of such selected Global brands are discussed who initially could not understand the dynamics of Indian market and needs of consumers and suffered huge losses. They repositioned their brands only when adapted to the local market needs and became successful.

CASES OF SELECTED GLOBAL BRANDS IN INDIA:

KELLOGG'S: FROM TASTELESS TO TASTEFUL:

Kellogg's is one of the most successful Global brands from U.S. which was world's leading producer of cereal and convenience foods. It is hugely popular breakfast cereal brand that is being sold in 160 countries with sales turnover of over $9 billion. On its initial entry into the Indian market, it used similar marketing mix which it had been using in other Global markets]. When Kellogg's first entered India in 1994, it heavily bet on transforming the Indian breakfast cereal market through switching breakfast habits of Indian consumers who were used to hot breakfast foods. The company wanted the Indian consumer to change its traditional habits of having either Idli Dosas or Paranthas in their breakfast and these habits too varied from region to region with the northern region preferring Paranthas and southern region preferring Idlis, and Vadas etc. and the western region preferred alternatives like Poha. They wanted them to make an instant switch from their own traditional habits to start having the healthier breakfast cereals which was a huge challenge for the company. India became extraordinarily tough market for

Kellogg's because it had to change ingrained eating habits of consumers. It passed through different though difficult phases of life-cycle before it has become the strongest player in breakfast cereal category in India. Presently, Kellogg's is estimated to hold about 60-65 percent of India's Rs. 400 crore worth of breakfast cereal market. While introducing a new product category, it was not easy for Kellogg's to establish a foreign brand into Indian market where food habits of people change after a few kilometers. The snapshot of Kellogg's journey from failure to success is briefly discussed in the following section:

Initial blunders:

In its initial advertisements, Kellogg's showed that what Indian public was having in their breakfast was not at all healthy which hurt the sentiment of the typical India ladies who had been serving traditional breakfast for ages to their families. The advertisement negatively affected the mindset of major influencers and initiator groups in the Indian families. Also the kind of breakfast which Indians were having was available in many varieties at cheaper prices than Kellogg's modern breakfast of corn flakes. It was enormously difficult for the company to convince them to leave their traditional food or breakfast options and replace it with cereals. In addition to this, the company could not understand another cultural aspect that Indian consumers have had warm milk in their breakfast whereas; the corn flakes (cereals) were preferably used with cold milk. Even when they consumed it, they found that crispiness of flakes were completely eroded as soon as they were dipped into the warm milk, thereby losing the points of positioning which promised the flakes to remain crispy when it is to be consumed. Due to all the problems that Kellogg's was suffering from, its sales declined by 25 percent in April, 1995 as compared to the sales of previous month March, 1995.

India specific strategies: a turnaround:

After learning several lessons from the initial mistakes, Kellogg's completely revamped its marketing initiatives as well as brand building programs and made it India-specific. First of all, to overcome the price sensitivity of Indian consumers, it launched small sized pack at Rs. 10 only for Indian market. Then, they decided to tap the Indian public's love for Hollywood superstars by launching a limited edition Kellogg's Chocos Spider Man 2 "web-designed cereal". The use of few specific words taken from Indian language – Hindi, such as Corn Flakes with Iron Shakti and Calcium Shakti in the launch of new variants gave it a local feel which was a good initiative taken by the management. Packaging was used as an effective tool for brand communication with consumers which gave the brand an on-shelf differentiation from, though a handful number of, its competitors. It also started some other brand building initiatives by portraying itself as a socially responsible citizen, whereby it started recycling and reusing materials, improving the access to health and human services in the local communities .These moves have shown that the brand was customized specifically for the Indian market, and new variants were introduced for the Indian consumers. It also launched the sugar coated Froasties as Indians wanted to have food that was good in taste. Moreover, it launched Chocos Wheat Loops coated with chocolates to widen the product choices. The company reduced its costs to be able to make its offerings affordable for the price sensitive Indian customers by localizing the whole raw material and packaging material requirements. Also the company decided to appeal to the larger masses in order to increase its presence in the Indian market. It set up its manufacturing facilities in India in Taloja near Mumbai, to reduce the overall transportation costs and undertook many other steps to be able to succeed in Indian market. To make the brand more acceptable among the female consumers the brand launched a new product Kellogg's Special K for women who want to regain their fitness levels and chose Lara Dutta (a famous Bollywood actress) as their brand ambassador for this variant, whom female consumers could identify with as women aspired to be fit like her. All these initiatives taken by the Kellogg's for repositioning of its brand helped it in gaining around 60-65 percent of the market share of the breakfast cereals market and hence became a market leader. To expand its business further, the company has decided to promote the brand as an evening snack as well.

2. MCDONALD'S

McDonald's made an entry into the Indian market at a very appropriate time as soon as the Indian government opened up its market to the Global brands. It made entry in the Indian market in the year 1996 by forming two 50:50 joint ventures, one with Hard castle Restaurants Private Ltd. in Western India and another with Connaught Plaza Restaurants Private Ltd. in Northern India, with the first outlet opening in Mumbai. Though, McDonald's had got clearance from the Foreign Investment Promotions Board1 (FIPB) in 1991 itself, but it made the final entry in the year 1996 which clearly suggests that company was not going to be caught unprepared in the market. It took so much of time to study the market that is so diverse in terms of geographical make-up, the consumer diversity as well as in the variety of food items the Indians had.

3. INITIAL BLUNDERS:

When McDonald's made entry into the Indian market, it faced several challenges which it needed to manage so that it could be successful in such a diverse market. They entered with price points that were too high for the Indian consumers to be affordable. Few other challenges included – (A) majority of the Indian population was vegetarian and even in non-vegetarian category the people did not eat beef which was an important component of McDonald's menu worldwide.

(B) The people in India worship cows as motherly figures and it had to face a lot of resistance in the Indian market with political parties like Shiv Sena (an independent political party in India) making demands for the company to leave the Indian market for using beef in preparations of its French fries in US market. But, McDonald's clarified the situation by presenting the true facts that though it used beef in preparation of French fries in U.S. market, it had never used it as a component for making French fries for Indian market.

In addition to all these, McDonald's faced competition from the lots of local food retailers who had been in the market for years and had an edge over McDonald's in terms of prices, and knowledge of the local tastes.

INDIA SPECIFIC STRATEGIES: A NEED OF THE HOUR:

To address all issues stated above as well as the price sensitivity of Indian consumers, first of all it introduced the Value Meal it its menu, making it affordable for Indian masses. To make sure that the company succeeded in Indian market, it followed the approach of being "Global brand". Under this approach, it segregated the kitchen areas and cooks for the vegetarian and non-vegetarian menus as Indians in some areas did not even like to have the vegetarian food if it is touched by some non vegeterian food item. They Indianized their menu by adding Aloo Tikki, McSpicy, and special range Cheese burgers. To cater to the price sensitive of consumers, they launched the happy price menu, which along with affordable prices also focused on the family fun element. The pricing strategy used by McDonalds was value based with the price points even at entry level reaching the levels of Rs. 20. This point was very beautifully conveyed through the advertisement campaign – with the tag line –"Aap Ke Zamaane Mein Baap Ke Zamaane Ke Daam". They also used open kitchen system where the customers could see with their eyes the levels of hygiene and safety conditions in the kitchen for the preparation of food and other items being served, which was not usually followed by the local restaurants that it was competing with. It continued with a philosophy of Quality, Service, Cleanliness, and Value (QSCV) in the Indian market. By ensuring that it catered to the local tastes and preferences by changing its marketing mix for the Indian consumers, the brand has been very successful in the Indian market. Now, it has geared up with respect to its expansion plan of launching 50 new stores with an investment of Rs.150 crore by 2013.

LG IN INDIA: A JOURNEY FROM HAVING NO LIFE TO LIFE'S GOOD:

LG Electronics India Limited (LGEIL) is a wholly owned subsidiary of Seoul based parent company. The company's focus on growth in Indian market has been inch perfect and that is why it has been able to get the share of Indian market (by volume) equivalent to 29.4 percent in refrigerators, 26.5 percent in color TVs, 35.8 percent in Washing Machines, and a crushing 38 percent in Microwave ovens. LG's Indian market share in GSM handsets is now 6 percent and rising. As per the Managing Director of LG the Indian consumers are complex, so to force long term relationships with them the companies must make long term commitments and investments to understand them to be successful.

4. REASONS OF INITIAL FAILURE:

LG's first attempted to enter India during early 1990s floundered as a result of difficulties encountered mainly working with the local importers. Initially it was known as 'Lucky Goldstar' and it faced two major challenges including the failure of joint ventures and de-licensing of the consumer electronics industry leading to the discontinuation of its operations in Indian market. Moreover, as Lucky Goldstar, the company's biggest fault was that it did precisely what other white goods brands of the 1990s were doing such as some half-hearted advertising and pushing the products only when the consumer entered the store. But, it again entered the market in January, 1997 after the Indian Government's light for establishing state-of-the-art white goods factory in Greater Noida and it was named as LG Electronics India Private Ltd. a 100 percent subsidiary of Korean chaebol. During that time, there was such an intense competition in the Indian markets with the Japanese players dominating the Indian consumer electronics market. Low brand awareness among consumers was another challenge for LG in India. It was one of the last consumers electronic MNCs to enter Indian markets and its competitors had a two years jump start over it. Secondly, it had to take care of high levels of import duty, the high levels of competition from the local players and other MNCs, and the sensitivity of Indian consumers towards pricing issues.

5. STRATEGIES THAT MADE LG'S LIFE GOOD IN INDIA:

The company overcame all challenges by using innovative marketing strategies, specifically planned for Indian markets, with the introduction of innovative technologies in consumer electronics and home appliance segment. In order to develop a stronger connect with the Indian audience it initiated a close tie-up with cricket that included signing on leading Indian cricketers and launching cricket games on its television models . It was recognized as the first major MNC that forged very strong tie-ups with cricket by sponsoring the World Cups in the year 1999 and 2003. It focused on products which took care of the health of the Indian consumers only with launches like "Golden Eye" colour television, ACs using the "Health Air System" and the microwave ovens with "Health Wave system" etc. To avoid the reasons for its failure during the first time, it entered the Indian market it shifted the manufacturing base for many of its products like PC monitors and refrigerators and used the technique of contract manufacturing for production of color televisions (CTVs). This also helped the company to reduce its costs. They also came up with localized products like CTVs which had Hindi and regional language menus as options. For the price conscious customers it introduced low priced "Cineplus" and "Sampoorna" range for the rural markets.

It had a distribution network in which the distributors work directly with the company. This shows that how LG was also able to turn around its fortunes and be a successful global brand in the Indian market the second time around by learning from the mistakes it had made for the first time.

6. COCA-COLA INDIA

Coca-Cola is a leading player in the Indian beverage market with a 60 per cent share in the carbonated soft drinks segment, 36 per cent share in fruit drinks segment and 33 per cent share in the packaged water segment.

7. INITIAL BLUNDERS AND SUFFERINGS

Coca-Cola Initially entered the Indian market during the late 1970s and the Government's order had forced the company to leave the Indian market. The company again made an entry into the India in the year 1993 after the government decided to liberalize the market again. This time the entry into the market was more dramatic for the company as it bought out all the leading Indian soft drink brands like Thums-up, Limca, and Gold Spot leading to a situation where it was accused of killing its competition by using its financial strength. But, even after years had passed in the Indian market, the company was not able to realize profits because of its very aggressive strategies of huge amounts of promotions and very aggressive pricing strategy to try and beat the competition. It also suffered in the Indian market because of the pesticides controversy took place in 2003 that resulted in 11 percent decline in the sales during that time. It had a very negative impact on Coca-Cola's brand image in the minds of the Indian consumers.

8. STRATEGIES TO OVERCOME CHALLENGES

To be successful, the company decided invested more than US$ 1bn to build overall infrastructure required for succeeding in India. The company invested in setting-up 25 wholly owned bottling plants in India. All these steps taken by the company ensured that the company was able to ensure a deeper level of penetration in the Indian market – even in the rural areas. (Mukherjee, et al. 2008). While re-launched the Coca-Cola brand in India, it went ahead with global communications only, but sooner it realized its mistake and the company quickly adapted its communication to ensure proper appeal to Indian consumers. The company rode on two of the strongest pillars, a brand can use in Indian advertisement and communication industry to succeed i.e. Bollywood and Cricket. It roped in multiple filmstars and cricketers so as to promote its brand in the Indian market. Its campaign with the tag line "Thanda matlab Coca-Cola" was able to create the mass appeal for the brand in the market. This campaign was very well thought out, as Indians used to refer to anything that was chilled as "Thanda". For positioning the brand Coca-Cola for rural consumers, the company roped in Aamir Khan (a famous Bollywood filmstar) who helped in popularizing the use of cold drinks in rural areas. To increase penetration in rural market, the brand also reduced the entry level price point to Rs. 5.only. The company was also able to successfully overcome the biggest challenge it faced in the year 2003 of the pesticide controversy. They hired Aamir Khan and Smriti Irani - a very popular TV actor at that time to ensure that customers retain the faith they had in the market and they showed commercial where Aamir is given a tour of the Coca-Cola factory and is briefed about the 400 quality control tests that are a part of the production process to convince the customers that the brand they are consuming is totally safe for them. After overcoming all these challenges, Coca-Cola was again set to expand India as a market further and took it from number 7 in the global pecking order to a market that is number 5 for Coca-Cola globally and for achieving this objective the company has earmarked US$ 5 billion for ensuring that the company is not letting go its focus on developing the Indian market further successfully.

9. CONCLUSION

After discussing cases of some specific brands, we can argue that the Global brands failed initially mainly because they failed to understand the dynamics of the Indian consumers as well as the markets they were going to serve. Therefore, they had to reframe their strategies and then enter the market with a completely changed mindset as per the market dynamics. This mostly happened because what they had done for them was either guided by their parent markets or in the markets world over where they were successful. This mantra had never been successful in India because of the complex structure of Indian markets and diversity among people of the country that have ever changing tastes and demands. which revealed to them a slight change in preferences of Indian consumers i.e. they now valued mileage, purchasing a care, while it earlier used to be mileage, price, styling and interior space, and it was based on this research only that Hyundai Eon was launched in the Indian markets. The MNCs' and their brands that are successful in Indian markets are switching to this strategy of presenting themselves as a local company so that people can identify themselves with these firms as their own and this is the reason that why most of the global firms are now focusing on local promotions, local products, pricing strategies as per local requirements and local distribution for Indian markets instead of using their global marketing communications mix to attract the Indian consumers to their brands. The growth for these brands in Indian markets has been increasing throughout depending on how they are tapping the markets by offering more and more regional flavours and tastes which are pushing these brands forward In today's scenario, for any Global brand to succeed in Indian markets, the companies need to shift their focus from forming global strategies for the overall market, to the strategies that adapt to the local market conditions in the India. The Global firms operating in India must try to be as local as they can be, by converting themselves into Glocal brands i.e. being global at heart. The companies can achieve these objective, either by using local manufacturing, producing Indianised variants of their products to take care of local consumers tastes, to use local celebrities as brand ambassadors, and tackle the issue of price sensitivity of the Indian consumers by launching value for money products which are affordable for the masses and forming long term relationships with intermediaries in the market and instill in them a sense of confidence that they are your brand's partners in your journey towards success and they too will benefit if you as a company will succeed and if your brands succeed in Indian market.

Korean automobile company launched Hyundai Eon in the Indian market after conducting a research then styling, space, interiors and then finally pricing while

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