

# BRAND POSITIONING STRATEGIES DURING GLOBAL EXPANSION: MANAGERIAL PERSPECTIVES FROM EMERGING MARKET FIRMS

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## INTRODUCTION

In this study, we explore brand positioning strategies used by Emerging Market Firms (EMFs) as they expand into foreign markets. Of central interest are variations in the firms' use of global, foreign or local consumer culture positioning (Alden et al. 1999). Also of interest are ways that managerial perceptions of country differences and product category characteristics interact to influence positioning choices. Despite progress, little is known about brand positioning strategies used by EMFs in foreign markets. To initiate research in this area, we conducted an exploratory multiple case study (Yin 2003) of seven Indonesian firms and 18 local brands that are marketed in Southeast Asia and beyond. A follow up survey of 75-100 Indonesian brand managers is underway with results expected by spring, 2011.

Alden et al. (1999) find that brands featured in television ads from seven countries use local, foreign, and global consumer culture positioning (LCCP, FCCP, GCCP respectively) to build brand image. LCCP associates the brand with local cultural meanings, e.g., the Indonesian energy drink, *Extra Joss*, targets consumers in Malaysia and the Philippines with themes that are associated with the local culture in each country (Kotler et al. 2007). FCCP portrays the brand as symbolic of a specific foreign culture, use occasion, or user group, e.g., *Royal Selangor* of Malaysia is positioned as the world's most innovative pewter manufacturer and "Malaysia's Gift to the World" (Kotler et al. 2007). GCCP identifies the brand as a symbol of global culture with meanings that are understood by consumer segments worldwide, e.g., *BreadTalk* of Singapore invigorated the Asian bread shopping experience by positioning on universally valued attributes such as quality and prestige (Steenkamp et al. 2003). Cayla and Eckhardt (2008) find that some brands are promoted in multiple Asian markets based on an imagined regional community, e.g., *Tiger Beer* is positioned to reflect the urban, modern, dynamic and pan-regional values of East Asia establishing the presence of a distinct regional culture that extends beyond any particular national identity. We referred to this strategy as regional consumer culture positioning (RCCP).

While Alden et al. (1999) and Cayla and Eckhardt (2008) identify alternative consumer culture positioning strategies, EMF manager perceptions of brand positioning approaches as they expand sales overseas remain unclear. What factors, for example, contribute to their decision to use GCCP in one foreign market and RCCP in another? The literature suggests that product category properties (Bilkey and Nes 1982), source country image (Martin and Eroglu 1993) and target market distance (cultural, economic, logistical, etc.; Ghemawat 2001; 2007) are likely to influence positioning decisions. Given limited research on this topic, we begin with an exploratory study of managers in an important emerging market, Indonesia.

## METHODOLOGY

The exploratory multiple case studies method (Yin 2003) was applied to seven Indonesian consumer goods companies and 18 local brands that succeeded at home and are now expanding in the Southeast Asian region and beyond. Data were collected from multiple sources, including: in-depth personal interviews, published articles, company websites, advertising, brand packaging, etc. The research team (including a bilingual Bahasa/English speaker) analyzed brand pronunciation, symbols and spelling of brand name, brand logo, story line and spokesperson appearance (Alden et al. 1999) to determine alternative consumer culture brand positioning strategies in different foreign markets.

Firms met three major criteria for inclusion in the study: emphasis on consumer goods that reflected differing levels of cultural specificity (i.e., level of home culture association, Ger 1999; Cavusgil et al. 1993), control of a substantial share of the Indonesian market, and an interest in building international markets. Respondents were recruited using the company's websites or researcher contacts. Personal interviews were conducted in Jakarta. All interviewees had substantial knowledge of their brand's international marketing strategy. Brands discussed during the interviews were cited by managers to illustrate positioning strategies applied in different markets. Interviews ranged between 60 to 90 minutes and were conducted in the Indonesian national language.

## RESULTS AND DISCUSSION

We begin with an analysis of the types of products marketed and the brand positioning strategies applied in Malaysia and Brunei, low distance countries with similar cultural heritage and language. Next, we analyze moderate distance markets within Southeast Asia. Finally, we focus on brand positioning in high distance markets, including Africa, Europe, and the Americas. Categorization of the markets is based on managerial perceptions of home versus host country similarities and differences.

In the two lowest distance markets, Malaysia and Brunei, EMF managers reported selling high culture-specific products, such as traditional Indonesian cosmetics and herbal medicine, e.g., *Diapet*, an anti-diarrhea medicine that contains guava leaves, turmeric extract, and *coix* seed. According to the managers, COO image for these brands is positive due to shared cultural beliefs and practices. Brands in this category maintained Indonesian language and pronunciation in their marketing communication materials. These brands are marketed as “Indonesian” with minimal adaptation. They stress market similarities and consumer understanding of product benefits. To differentiate this approach from prior research, we refer to their strategy as *extended LCCP*. Use of extended LCCP appears most likely to occur when products are moderate to high on cultural specificity and exported to low distance markets with shared traditions and values.

However, not all brands exported to low distance markets employ extended LCCP. Several brands that employ global and regional positioning strategies within their home market of Indonesia are reportedly promoted in low distance markets using similar positioning approaches. For example, *Biokos*, *Caring Colours*, and *Eskulin* use GCCP (global) in their home market and maintain this positioning with few changes in low distance markets. On the other hand, *Dewi Sri Spa* and *Taman Sari Royal Heritage Spa* emphasize localness which can be perceived as FCCP (foreign) abroad. Another brand, *Professional Artist Cosmetics (PAC)*, uses a hybrid strategy that emphasizes local connections along with regional and global associations. These exploratory findings indicate that EMF managers use a wide range of positioning strategies in low distance markets.

In moderate distance markets, managers reported selling Indonesian brands that were low on home cultural specificity. Most used English (*Sensa Cools*, *Caring Colours*) or neutral brand names (*Gery*, *Mirabella*, *Biokos*, *Ouval Research*, and *Ellips*). However, some employed regional consumer culture positioning (RCCP) while others emphasize globalness (GCCP). For example, *Sari Enesis* produces an herbal powdered drink mix that is said to “relieve internal body heat.” Using an RCCP approach, *Sari Enesis* builds its positioning based on an ailment commonly understood across the region. The manager explained that “heatiness” is a concept from southern China that has spread with Chinese immigration throughout Southeast Asia. Marketed as *Adem Sari (Cooling Essence)* in Indonesia, the *Sensa Cools* brand name is employed abroad. *Sari Enesis* focuses on the Hong Kong and Vietnam markets, which share knowledge of the Chinese “heatiness” concept.

Other brands sold in moderate distance markets used GCCP. Building on global “skateboard culture,” *Ouval Research* fashion apparel is positioned as symbolic of membership in the youth market through place-based promotion and regional media channels. The company uses *MTV Asia* to reach key markets in Indonesia and Singapore. *Ouval Research* also conducts promotional activities with *MTV Asia*, e.g., sponsoring wardrobes worn by the channel’s multi-cultural video jocks. *Caring Colours* decorative cosmetics promotes the positioning statement, “Colors that Care” and as such, stresses globally desired benefits of safety and empathy. Eurasian models grace the screen on the company’s website and the brand’s COO is deemphasized. *Caring Colours* also uses a modern colorful packaging designed for working women early in their careers. Its current online campaign, *Beautipedia* (“a complete guide for your sparkling career”) employs English and Bahasa Indonesia throughout the site and uses global themes that link appearance with professional success. Thus, Indonesian brands marketed in moderate distance markets employ RCCP, GCCP or hybrid appeals. Product categories represented by these brands are relatively low on cultural specificity. Managers appeared to rely less on consumers’ cultural knowledge and more on regional and global beliefs, attitudes and behaviors that span multiple national markets.

Most EMF managers in our study preferred to avoid what they perceived as high distance markets. Such inclinations were particularly strong for brands described as low on Indonesian cultural specificity. They also expressed concerns about negative COO associations and competition in more developed Western and East Asian markets. In response, they reported targeting overseas niche segments, particularly Indonesians and other Asians, with continued reliance on extended LCCP. For example, *Mustika Ratu* cosmetics used extended LCCP in marketing to Indonesian expatriates living in Saudi Arabia and Taiwan. Others emphasized an “exotic” form of foreign consumer culture positioning (FCCP) when entering distant markets. Unlike extended LCCP that leverages similarities, this strategy exploits differences and makes distance a competitive advantage. For example, *Taman Sari Royal Heritage Spa* (spa outlets and products) and *Dewi Sri Spa* (spa products) romanticize the “spa experience” as part of Indonesia’s cultural heritage. As opposed to *jamu* or traditional herbs that require

detailed cultural knowledge, the “spa experience” is familiar in multiple global markets. These brands appear to have taken advantage of what Holt (2004) describes as “national myth” when positioning their brands. Tobin (1992, p. 30) labels this as *self-orientalizing*; “the act of consciously or unconsciously making something as objects of Western desire or imagination.” Use of FCCP in high distance markets appears limited to brands that represent romanticized aspects of the country’s culture. Managers seemed to intuitively take advantage of the positive country image associated with their brand’s product category.

## CONCLUSIONS AND IMPLICATIONS FOR THEORY AND PRACTICE

This multiple case study explores brand positioning strategies employed by Indonesian EMFs that have expanded into foreign markets. In-depth interviews of eight managers in seven companies who were responsible for 18 brands revealed repeated consideration of two factors identified in the international marketing literature: 1) the brand’s cultural specificity (Cavusgil et al. 1993; Ger 1999) and 2) the perceived market distance of the foreign market (Brewer 2007; Ghemawat 2007; Ojala and Tyrvaainen 2007; Ellis 2008). Separate analyses of brand communication materials such as website content, packaging and advertising reinforced managerial reports.

In markets perceived as low distance, managers favored extended LCCP. For both highly culture-specific (e.g., *jamu*) and moderately culture-specific (e.g., cosmetics) products, they emphasized cultural similarities and leveraged “shared localness” through LCCP. In moderate distance markets (e.g., ASEAN region), managers tended to employ regional (RCCP), global (GCCP), or hybrid positioning strategies primarily for products low on cultural specificity. In high distance markets (e.g., US, Saudi Arabia, Taiwan), they emphasized export of culture specific brands using extended LCCP to target niche segments of expatriate Southeast Asians. In addition, exotic foreignness (FCCP) was stressed for a limited number of brands for which the country image (“national myth”) is perceived as positive by managers (e.g., spa products).

Thus, while brands with lower levels of cultural specificity appeared to employ multiple positioning strategies, options for brands with higher levels of cultural specificity may be more limited. In addition, our analysis indicates that the smaller the distance between two countries, the greater the range of possible positioning strategies. Managers reported use of extended LCCP, FCCP, RCCP, GCCP, hybrid approaches in low distance markets; FCCP, RCCP and GCCP in moderate distance markets; and extended LCCP and FCCP in high distance markets. Thus, it is possible that the higher the market distance, the more constrained managers in emerging markets such as Indonesia are in their use of alternative consumer culture positioning strategies.

In sum, complementing findings by Alden et al. (1999) and supporting Cayla and Eckhardt (2007; 2008), we find use of multiple consumer culture positioning strategies by EMF brand managers as their brands move from local to regional to global. However, we also find that the managerial use of these strategies is not neatly compartmentalized. Rather, consumer culture positioning strategies may be combined as hybrids that mix local, foreign, regional and/or global elements. Furthermore, as perceived distance increases, EMF managers may become more limited in their use of alternative strategies. Exact reasons for this aren’t clear but managerial perceptions of their country’s image and foreign competition are likely to play key roles. This initial study, in combination with theory discussed herein, has led to the development of several hypotheses that are currently under investigation using a larger managerial sample and survey methodology.

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