Sympathetic Tone of Global Brands in India via Globalization

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ABSTRACT

Increasing globalization and international trade in India let a number of international brands to enter into India, which is one of the fastest growing and highly competitive markets in the world. Most of the international brands who entered into Indian market fail 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. This research is an attempt to investigate why some international brands, are successful in India market by torching upon their marketing strategies, with special reference to Coca Cola & Pepsico.

Keywords: Globalization, Global brands, Indian market, International marketing.

INTRODUCTION

The term globalization was first coined by Levitt in the article stated above, and gained a lot of ground in the economic environment. Although Levitt did not explicitly discuss branding, managers interpreted his ideas to mean that transnational companies should standardize products, packaging, and communication to achieve a least-common-denominator positioning that would be effective across cultures (Holt, Quelch, Taylor, 2004). But even though for a while selling standardized products and services was a good strategy, the world evolved and customers stopped feeling a connection with the generic products and communications. And now, even the products that were synonyms with ‘globalization’ took a different approach. For instance, Coca-Cola, the firm often portrayed as the exemplar of the standardized product, has found that it is increasingly standardized strategy had run its course. According to Coca-Cola’s former chair Douglas Daft: “The world had changed, and we had not. The world was demanding greater flexibility, responsiveness and local sensitivity, while we were further consolidating decision making and standardizing our practices. The next big evolutionary step of ‘going global’ now has to be ‘going local’ ” (Ball, 2003).

Nowadays, global corporations face difficult decisions regarding what marketing strategy to adopt. Global marketing strategies aim to maximize standardization, homogenization and integration of marketing activities across markets throughout the world. (Kotler, 2009) However, global marketers must address a number of issues in their marketing strategy to ensure their brand will be successful worldwide. Examples of such issues include differences in the economic, political, social and cultural environment around the world. While the theory of standardization of marketing activities works on a strategic level, it is often not suitable for the richness of detail needed on operative and tactical levels. Most marketing activities will be more successful when adapted to local conditions and circumstances in the marketplace. In this way a pure global marketing strategy is not ideal as it does not take locally related issues into account. Marketers need to understand how their brand is meeting the needs of customers and how successful their marketing efforts are in individual countries (Kotler, 2009). Multinational marketers face challenges of creating marketing and advertising programs capable of communicating effectively with a diversity of target markets. To assist in this imposing task, various frameworks have been developed to determine the degree to which marketing and advertising efforts should be either globalized or localize, or mixed or combined.

A glocal strategy standardizes certain core elements and localizes other elements. It is a compromise between global and domestic marketing strategies. Glocal marketing reflects both the ideal of pure global marketing strategy and the recognition that locally related issues of marketing activities need to be considered. In other words, the concept prescribes that in order to be successful globally, marketing managers must act locally in the different markets they choose to enter. In a global strategy, the corporate level gives strategic direction while local units focus on the local customer differences. (Kotler, 2009)
The term “glocalization” first appeared in the late 1980s in Harvard Business Review articles, written by Japanese economists, and comes from the Japanese word dochakuka. The Japanese ideographs “do”, “chaku” and “ka” means respectively “land”, “arrive” and “process of” in English. Roland Robertson, who is credited with popularizing the term, describes glocalization as “the tempering effects of local conditions on global pressures” and that it means “the simultaneity the co-presence of both universalizing and particularizing tendencies.” (Khondker, 2004).

The author Thomas Friedman defines glocalization as “the ability of a culture, when it encounters other strong cultures, to absorb influences that naturally fit into and can enrich the culture, to resist those things that are truly alien, and to compartmentalize those things that, while different, can nevertheless be enjoyed and celebrated as different” (Friedman, 1999). Glocalization, then, seems to be the art of attaining a fine balance of assimilating foreign influences into a society that add to its diversity without overwhelming it. Foglio and Stanevicius (Foglio, Stanevicius, 2007) define these five items as glocalization:

- a way to supplement globalization and localization synergically and strategically;
- a system to manage the approach to the local market (global/local market);
- the capacity to remain rooted strongly in the local reality, also facing the global market;
- the chance of articulating in global and local (glocal) key the chain of the value (system of activities developed by the enterprise to plan, produce, sell his products or services);
- a method which allows the local or global enterprise to arrive in optimum way respectively to the global or the local market.

For a better understanding of the concepts evaluated in this paper, the following table highlights the differences between globalization, localization and glocalization.

### Table 1: Differences between Globalization, Localization and Glocalization

<table>
<thead>
<tr>
<th>Globalization</th>
<th>Localization</th>
<th>Glocalization</th>
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<tbody>
<tr>
<td>Definition: “the tendency toward an international integration of goods, technology, information, labor, capital, or the process of making this integration”</td>
<td>Definition: “the process of adapting a product or service to a particular culture, language, developing a local appeal and satisfying local needs”</td>
<td>Definition: “providing a global offer (brand, idea, product, service, etc), while taking local related issues into account”</td>
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<td>Undifferentiating and convergence in customer preferences and income across target countries with economic development and trade</td>
<td>Differentiation differences in customer preferences and income across target countries</td>
<td>Utilizing global experiences or a global brand name, and differentiating the offer in order to appeal to local markets</td>
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<tr>
<td>• Takes into account mass demand</td>
<td>• Takes into account specific demand</td>
<td>• Operates within a global market and local market niches</td>
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<tr>
<td>• Globalism</td>
<td>• Localism</td>
<td>• Integrating both globalization and localism</td>
</tr>
<tr>
<td>• Quantity</td>
<td>• Quality and values</td>
<td>• Integrating quality and values in a product, that gets sold in large quantities</td>
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<tr>
<td>• International brand awareness</td>
<td>• Local brand recognition</td>
<td>• High notoriety of the brand</td>
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<td>• Cost benefits from standardization</td>
<td>• Competition from Both successful domestic Products and international brands</td>
<td>• A glocal product / service can face competition from both local and international brands in a better way because it meets certain local needs or preferences, at lower costs due to the global edge of the company</td>
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<tr>
<td>• Falling costs of trade</td>
<td>• High costs of trade create Separate markets</td>
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<td>With greater globalization</td>
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Phillip Kotler elaborated certain advantages of glocal marketing (Kotler, 2009), as follows:

- Consumers feel that the brand is relevant to them and is tailored to their needs and wants.
- There is harmony and balance between the different levels of marketing activity: strategic, tactical and operative.
- Brands gain greater market share.

In the past years, as sales plunged, global - brand corporations started to pay more attention and listen to their local business partners about how to adapt product attributes and advertising messages to local tastes. Glocal marketing or brand managers have the task of balancing demands from headquarters with those of local branches and taking full advantage of local expertise, knowledge and information. So, some transnational companies began delegating more authority over product development and marketing to local managers, or in other cases, they started developing and promoting local executives to take over local firms. Meanwhile, U.S. multinationals like Philip Morris and Coca-Cola ramped up their acquisition of local brands—for the same reasons that investors diversify a stock portfolio. Today, two-thirds of Coca-Cola’s sales in Japan are from local beverage brands, and the company now owns more than 100 local beverage brands worldwide. In some cases, the global-brand owners are financing totally separate companies. Unilever India, for example, has set up the freestanding Wheel organization as a low-cost enterprise that markets quality, low-priced local brands to the mass market (Quelch, 2003).

Glocal marketing allows for local and global marketing activities to be optimized simultaneously. Nowadays, global companies understand that they often need to customize their products or services to a certain extent (Kotler, 2009).

GLOBAL MARKETING STRATEGY IN INDIA

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, Reebok 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.

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 (World Population Prospects, 2010). 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.

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 Global 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. It was beautifully illustrated in an article titled —Made In India, Only For India—recently published in _The Strategist_ stated that Now for most of the successful MNCs operating in India, exclusively for India has become an integral part of their overall product development strategy.
The economic liberalisation in India refers to ongoing economic reforms in India that started on 24 July 1991. After Independence in 1947, India adhered to socialist policies. Attempts were made to liberalize economy in 1966 and 1985. The first attempt was reversed in 1967. Thereafter, a stronger version of socialism was adopted. Second major attempt was in 1985 by Prime Minister Rajiv Gandhi. The process came to a halt in 1987, though 1966 style reversal did not take place (Kumar 2011) In 1991, after India faced a balance of payments crisis, it had to pledge 20 tons of gold to Union Bank of Switzerland and 47 tons to Bank of England as part of a bailout deal with the International Monetary Fund (IMF). In addition, the IMF required India to undertake a series of structural economic reforms. (New York Times 1991) As a result of this requirement, the government of P. V. Narasimha Rao and his finance minister Manmohan Singh (currently the Prime Minister of India) started breakthrough reforms (Timeline:India -BBC 1991).

New investments of approximately $20 billion were made by companies including Daimler Benz, Coca-Cola, DuPont, Ford, Fujitsu, General Electric, General Motors, IBM, Intel, Kellogg, Microsoft, McDonald’s, Motorola, Texas Instruments, Timex, Pepsi, Phillip Morris, and several other multinational companies during 1990,s (Sanjan 1997, Jain 2001 & Economist, 2005).

With growing competition, MNC,s in India began to produce hybrid advertisements (glocal phenomenon) where local sensibilities and global aspiration of Indian consumers were combined. These global and hybrid advertisements became the dominant form of narrative in the advertisements from 1990s onwards, perhaps mirroring a changing India (Sheoran 2008).

The result of mixing of Hindi and English language was the formation of the concept of ‘Hinglish’ advertisement. Advertisers and MNC, s in India used this, as a advertising strategy to communicate to the widest possible audience.

The advertisements produced were with Westernized thought and concept. The number of multinational advertising agencies started increasing during 1990,s and with it happened the concomitant affiliation of multinationals with these agencies. Six of the top ten advertisers in 1992 were Hindustan Levers (Unilever subsidiary), Procter & Gamble, Colgate, Palmolive (now Colgate Palmolive), Nestle, ITC (Imperial Tobacco Company) and Philips, all subsidiaries of multinational companies (Sengupta and Pashupati1996).

Post liberalization English-language advertising in India became among the most creative in the world. TV advertising (especially in the Hindi language) has made major headway after 1990s, especially with digitalization. Domestic TV channels - like Zee and ETV - have imitated themselves on the lines of Western channels, and majority of advertising in such channels is tailored for the aspirant middle class (150 million) by. Such channels have forced the state-owned channel, Doordarshan, to make drastic changes in their programmes and contents which, earlier in the absence of competition were drab and staid. The importance of Hindi-speaking audience (which is also fluent in English) is borne out from the fact that STAR TV (of Fox Network), once an all-English channel, is now predominantly broadcasting vernacular programmes. Even British Broadcasting Corporation was contemplating with the idea of airing programmes dubbed in Hindi (Parmar 2011).

Combination of English and Hindi languages, the concept of ‘Code Mixing’ (mixing of two or more languages) has given rise to a new form of communication “Hinglish” making it the most established example of ‘Code Mixing’ in India.

Code-mixing between English and Hindi has become a common marketing strategy in metropolitan cities in India, such as Delhi. During 2006, a research data collected in the form of print advertisements from an advertising and media site called agencyfaqs! More than 900 advertisements were examined from the following categories: beverages (100), household products (109), food (63), household durables (262), business products (76), and media (303). With the exception of advertisements for business products, most of the advertisements in the remaining categories used code-mixed slogans.

Nowadays the use of English & Hinglish has more to do with class barriers based on demographic factors (age, income & education) (UNICEF 2005)

**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 (Mukherjee, K., 2008).

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 (Business Standard. 2012)

STRAATEGIES 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 (Business Standard. 2012).

Pepsi entered the Indian market in 1990, India had just entered the era of economic liberalisation and global economy after decades of protectionism at that time. Aptly, the launch campaign titled “Are You Ready For the Magic,” fused the traditional and the modern, featuring popular pop star Remo Fernandes (the modern) with the then popular Hindi film
actress Juhi Chawla (the traditional). Since then, campaign after campaign has strategically responded to the changing Indian culture, particularly the youth culture: thus the use of Hinglish (a hybrid of English and Hindi) in their 1992 commercial line Yehi Hai Right Choice Baby, the cocking-a-snook at officialdom through their “Nothing Official About It” campaigns during the 1996 World Cup (when another soft drink company was the official sponsor), and the “Azaadi Zindagi Ki” (Freedom of Life) timed to coincide with the 50th year of India’s independence (UNICEF, 2005).

Pepsi India used a code mixed slogan written in Roman script (the entire slogan is in Hindi with no English words inserted) “YEH DIL MAANGE MORE” there were a series of advertising in T-V for Pepsi cola starting from December 1998 which sought to establish Pepsi as a preferred cola brand with Indian youth. It was a continuation of Pepsi’s advertising campaign in the mid-to-late nineties, which was launched as an ambush marketing effort against Coca Cola during the 1996 Cricket World Cup. (Amis and Cornwell 2005).

REFERENCES


