The new imperatives for global branding: Strategy, creativity and leadership

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Abstract
This paper argues that the combination of strategy, creativity and leadership is going to be the key to the success of global brands in the coming decade. It also states that one needs to understand how these three disciplines interact, and specifically how this interaction may differ across the markets where the brand is active.

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INTRODUCTION

Over the past decades, people around the globe have become increasingly discerning and have been offered much more choice. This is due to three factors that have worked both simultaneously and in tandem. The first is that trade liberalisation and subsequent global competition have increased the supply of goods and services to consumers and have driven down their prices. The second is that people around the world have, overall, become richer, especially in places such as China and India. The third is that, due to increased competition, many product life cycles have shortened dramatically, which means that people are offered new, innovative, novel and better products and services all the time. Just take the example of the relentless advance of computer and telecommunications technology, which has transformed the way many people live and work, and not just in rich countries.

It will not be long before very large sections of the world population become difficult to attract. In their roles as consumers, citizens, workers, decision makers, policy makers, investors etc people will look carefully at what brands have to offer them. They will often have little time or mind space for decisions and they will choose those brands that clearly offer them the most value; and their demands for value are increasing rapidly. How will global brands cope with this demand? How will they be able to continuously increase their value to fickle stakeholders? How will they do that in a world where people are becoming more and more conscious of their national, regional and local identities?

As a reaction to these above-mentioned global developments, many organisations have mainly been concerned with improving their operational efficiencies. This may seem obvious, considering the pricing pressures they are under; however, it is

a supply-side solution that can jeopardise their ability to compete in the future. Unless they can find ways that will persuade their customers to pay more or buy more of their products or services, they will only be in a race to the bottom towards the lowest price.

Some companies have decided to slap their brands on products and services developed, manufactured and delivered by efficient third parties at the expense of their own knowledge base and at the expense of their own brands that are slowly becoming mere labels devoid of value. Other brands have reacted by improving their offers to their customers. For instance, Apple has shown relentless innovation with its iPod player, its iTunes music service and recently with its affordable Mac Mini. Toyota has been shown to be one of the most innovative car manufacturers with its highly successful Prius hybrid car. Rituals, a Unilever offshoot that is fast expanding from its home base of the Netherlands into Belgium, Germany and the UK, offers a combination of highly stylised home and body care products such as Lotus Stone laundry cleaning tablets, Samurai Secret shaving gel (with basil and ginger) and Carpe Diem shampoo (with rice milk and Sakura Cherry Blossom). Such examples show that global competitiveness is less about efficiency than about creating new and inspiring value for customers.

CREATING VALUE: THE COMBINATION OF STRATEGY, CREATIVITY AND LEADERSHIP

This paper argues that the combination of strategy, creativity and leadership will determine the competitiveness of global brands in the coming decade. It does not matter whether these brands are products, services, NGOs, corporates or places. All of them need to build their global competitive advantages, and no advantage is more powerful than a compelling brand. A compelling global brand is one that offers exceptional value to its various stakeholders who have to live in very different countries, under different circumstances, in different cultures and often with different needs.

Strategy, creativity and leadership are to a brand what fuel, heat and oxygen are to a fire: reduce one and it flickers, remove one entirely and it is extinguished. It is in the combination of these three disciplines that the energy of a brand rests. Interbrand's list of top brands for 2004 gives an indication of the power of this trinity.[1] Comparing 2003 and 2004, the biggest winners in brand value increase are:

— Apple (+24%)
— Amazon.com (+22%)
— Yahoo (+17%)
— Samsung (+16%)
— HSBC (+15%).

These five are generally well regarded for their vision, their ability to innovate and the quality of their management. As a result, they provide value to their customers worldwide well over and above what their rivals are capable of. Now look at the biggest losers on this list:

— Kodak (−33%)
— Nintendo (−21%)
— AOL (−18%)
— Nokia (−18%)
— Ford (−15%).

These five have either lost their way and are stuck in a product category that is fading, or they have come up against competition that can provide more value to their customers. Although the exact calculation of brand value is always open to discussion (there is always the matter of the purpose for which a brand is valued), this list does illustrate the importance of getting the mixture and balance of strategy, creativity and leadership right.

Strategy, creativity and leadership are examined separately below, before looking at their combination and before looking at them in a global setting.

Strategy

There are three forms of strategy that are pertinent to brands, namely business strategy, brand strategy and marketing strategy. The significance of business strategy to branding is that it determines the vision, purpose, objectives, business model, resources, competencies and motivations for the brand. What the business strategy sets out to achieve is turned into a value proposition by the brand. Thus the brand strategy deals with what makes the brand unique, inspiring, believable, trustworthy and likeable or even admirable. None of this is worth a thing unless this translates well into the brands' products and services, and their pricing, promotion, servicing and delivery. Which is where the marketing strategy comes in: to translate the brand into a valuable stakeholder experience. The brand functions as the organising principle for the entire strategy process, because it is the definition of the value to be created for the organisation's stakeholders. In other words, the stakeholders must be offered an experience that is on brand. Leadership is obviously key to these three types of strategy, as the leadership creates them, leads on their implementation and aligns the entire workforce with them. In addition, the leadership must themselves be seen to be acting on brand.

This is a fine process, yet one that becomes useless unless at every step sufficient doses of creativity are introduced. How can a strategy be truly compelling if it starts off with a boring purpose for the brand? How can it create value if the brand that is devised lacks original thinking? How can the brand truly delight consumers if no creative thought has been applied to its tangible and intangible manifestations?

Creativity

Creativity is about ideas. This can be thinking in a different way about familiar issues or even coming up with absolutely new ideas. Creativity can and must be applied throughout the entire strategy process from the formulation of a vision for the brand right down to the design and delivery of its products and services. This is what Jeff Mauzy and Richard A. Harriman[2] call systemic creativity. Nicholas Ind and Cameron Watt[3] argue that truly creative organisations break down the barriers within the organisation and with the outside world and engage all stakeholders in a continuous creative process. Creativity is therefore not something that is limited to brainstorm sessions, but rather a habit that is imbedded in the organisation. This is a task for the leadership: to encourage ideas to be created throughout the organisation. Its processes and innovations will be built from those ideas.

Creativity is not the same as innovation, which may be termed 'applied creativity'. Creativity is also not the same as improvement, which may be termed 'routine creativity'. However, both innovation and improvement require pure creativity to function. The brand functions as the inspiration for the creativity, it gives direction and provides the parameters within which the creativity must take place. In other words, the creativity has to be on brand.

But what is creativity worth if there is no one to direct and encourage it? If there are no structures within which it can flourish? If there are no rewards (or at least no penalties) for being creative?

Leadership

Leadership is about the ability to lead. It is about creating the vision, structures, systems, trust and clarity that inspire people in the organisation to achieve its strategy and apply their creativity to the things they do in their work. Leading a brand entails setting a context and a culture within which employees live the brand and stakeholders perceive the brand. In other words, the employees' behaviour and demeanour must be recognisably on brand.

Leadership is also about involving employees in the planning and implementation of the actions required to fulfil the organisation's vision. This means inspiring the workforce to contribute creatively to a common goal and aligning their personal values to those of the brand.

Increasingly, leadership involves creating (temporary) partnerships with other stakeholders of the brand. These can take various forms, such as public-private brand partnerships for places, brand development partnerships, marketing partnerships and product or service development partnerships. Leading such partnerships involves joint strategising, joint development and joint implementation. This puts an added strain on the leadership, because it involves negotiating with partners (ie equals). The brand that the partnership develops and manages helps to keep it on track, because it provides the partnership with a clear guiding purpose to fulfil.

The combination of strategy, creativity and leadership

It is clear that strategy, creativity and leadership all have an important part to play in branding and vice versa. The new leadership agenda has introduced creativity into the mix where the focus has so far been on strategy — devised by the leadership and handed down to the organisation. As indicated in the previous paragraphs, strategy without creativity and creativity without leadership are not meaningful. However, it is in their full combination that these three become imperatives to the branding process. If the links between the three are strong, they reinforce, inspire and interact with each other. Traditionally, strategy, creativity and leadership have been separated in organisations, because it was felt that these were processes suited to particular departments, organisational levels or even certain individuals. This has led many corporations to develop uninspiring brands or for their brands to lose their lustre over time, such as GM, Philips, Xerox and Coca–Cola. Some

even came a cropper, such as Polaroid. Polaroid filed for bankruptcy in 2001 after missing the digital imaging boat, because management banked on its mainstay technology, instant photography. Polaroid overestimated the power of its brand as an icon of cutting-edge imaging technology. Consumers had no qualms about abandoning Polaroid's instant cameras for digital cameras from Nikon, Canon and Sony.

It has generally been the young and imaginative companies that tended not to separate the disciplines, such as Apple, Amazon, Dell, Dyson, eBay, Virgin, Quiksilver, Red Bull and Google. It probably came naturally to their founders to appreciate the linkages between strategy, creativity and leadership, and to apply branding as the guiding principle of all they do. Yet, the kinds of brands and the way they combine strategy, creativity and leadership differ significantly. A comparison of Apple and Dell illustrates this.

Apple is well known for its industry-changing innovations and designs, which are largely credited to Steve Jobs, the company co-founder and CEO. Jobs is a man with a vision for his industry and, although reputedly not always easy to get along with, he has inspired his people to develop some of the most iconic hardware and novel software. Apple's strength has been that it has a clear idea of what people's experience of computers should be, creatively applies its technological and design expertise to just that, and expands that practice to computer-related consumer products. Apple's success relies on its ability to develop cutting-edge products with almost minimalist stylish designs.

Michael Dell also has a clear vision of the same industry, but his is about innovating the business model and the customer service rather than its products. Dell saw early on that a direct channel to its customers was the way to go for mass-market computers, which he coupled with the leanest just-in-time production methods for the entire industry. Dell, a very demanding leader, inspires his people to constantly improve the company's operations. For example, at its newest US factory in Austin, Texas managers view videotapes of its production process to shave time off assembly. Major computer components, such as hard drives and CD players, have been redesigned so as to snap into place rather than screw.[4] Yet the success of the Dell model is not only due to its management of inventory, its online channels, its state of the art technology and its affordable products. Other computer brands are also good at this. Dell's success is largely because it recognises that customers have increasingly differing requirements for computers. The Dell organisation is totally geared to meeting these needs through its ordering and customisation process, delivery process and after-sales service.

But even old-fashioned giant conglomerates can learn to be nimble and apply the disciplines across their organisations. Take the example of Samsung. Samsung, an organisation that is traditionally hierarchic and non-transparent, has shown during the last few years that it can be flexible and innovative. Characteristically, the decision to switch from developing 'me-too' consumer electronics products to innovative ones was made by Samsung Group Chair Lee Kun Hee in 1996. This decision has meant untying Samsung managers from corporate red tape and allowing them to use

all the resources under their own roof.[5] Mr Lee launched an effort to focus the company on a new competitive advantage: design innovation. He committed $126m to develop a global-design programme and he established the company's first-ever in-house design school. Before long, the company's top designers, and in later years, marketers and engineers, were taking full-time classes six days a week in fundamentals such as mechanical engineering and marketing. Since Lee embarked on what he calls a 'design revolution', the company has more than doubled the number of designers in top-level management positions.[6] Without doubt, Samsung is one of the big branding success stories of the past decade and shows how strategy, creativity and leadership interact to achieve this.

THE IMPLICATIONS FOR GLOBAL BRANDING

Global branding is a complicated matter that requires management to understand the various internal and external factors that affect their brand as it stretches across the globe.[7] Global and international brands are affected by differing structural, motivational and cultural influences across the countries (and sometimes even within the countries) that they operate in. For the purpose of this paper, the discussion is limited to the influence that these factors have on strategy, creativity and leadership.

Global strategy

An organisation's strategy can differ significantly between markets because of various local circumstances. Initially, management's vision of the future of the market may differ significantly between countries. This has an immediate impact on the organisation's future purpose. For example, Toyota's vision of a market for hybrid powered cars is directly relevant to developed markets where people are willing and able to spend money on a 'green' car and where environmental legislation makes such cars almost inevitable. Such a vision probably has little relevance to fast developing markets such as China and India. There Toyota's vision is probably more about the vast potential of the market for regular cars with rising consumer purchasing power, and about the trade liberalisation and corporate legislation that affect its abilities to operate in those markets.

Business models may also differ between markets, due to local circumstances. Some business models will just not work in certain countries due to matters such as low internet and credit card penetrations, legislation against direct selling (as is the case in China), differing business hours (eg very short shop opening hours in Germany), differing technological standards (as is the case with mobile telephones, and low levels of disposable income. For example, in Japan, 7-Eleven expanded its e-commerce offerings with the launch of a website called 7dream.com. According to the company, 7dream.com shoppers can browse through more than 100,000 items, including music, flowers and photographic supplies, place their orders online, then go to their local 7-Eleven stores to pay for and collect their purchases. It is unlikely that this would be a viable business model in Europe or the USA.

The brand strategy may also differ

between countries due to organisational issues, such as the business strategy as discussed above, but also due to local market influences. In each market there are conventions, the unwritten rules of the product and service categories that can affect the brand. There are structural conventions — the way almost all players in the market act — there are cultural conventions — the things most people believe and the way they behave to one another — and there are motivational conventions — the way that people commonly fulfil their needs. For example, brands often unwittingly carry the values of their country of origin in them as part of their brand identity, which can be entirely inappropriate to a host country. A typical American social value such as equality will be totally inappropriate in a hierarchical society such as Indonesia. That is why McDonald's offers a clear-up service in such countries rather than letting its patrons dispose of the remains of their meals themselves.

Finally, the marketing strategy may differ between markets. This can be due to a differing brand strategy, as discussed above, but may also be due to legal, religious, competitive, infrastructure, purchasing power and personnel limitations imposed by a country. Examples of this are lamb burgers in India, the difficulties of efficiently distributing wares into the Chinese hinterland and the subsequent lack of control of product shelf displays, and the mini packs in which personal care products are often sold in many developing nations.

It is clear that all such factors should force management to be highly creative when devising global or international strategies. With such a multitude of factors to take into account it is an enormous achievement to be able to create the greatest value for the brand's stakeholders in each and every market. This paper will now examine creativity in a global context.

Global creativity

Although creativity is lauded by academics, consultants, business leaders and politicians the world over, it is actually not considered to be the same thing in every society nor is it regarded equally highly in every society. Culture and education have a significant impact on creativity in various parts of the world.

In Europe, creativity is often considered to be limited to specific individuals, departments or organisations. In addition, creativity is generally confined to specific creative industries or research and development functions. Thus European brands are often well known for their product design and their marketing creativity, such as Alessi, IKEA, Heineken, L'Oréal, Audi and Prada. Technological and business innovations are generally not the strong points of European brands. Of course there are notable exceptions such as Airbus, Hennes & Maurits and Virgin. The value of design to European audiences has often been underestimated by Japanese and US brands. Japanese car makers have had a tough time during the past decade matching the reinvigorated European brands (eg Renault and Alfa Romeo). Perhaps their product quality was better (only just), but their designs left Europeans cold. US fashion brands have also found it tough to compete in the European marketplace. An erstwhile venerable jeans brand such

as Levi has not been able to respond adequately to the marketing creativity of Italy's Diesel.

In the USA, technology, entertainment and entrepreneurship are highly regarded and it is no wonder that the country has produced most creativity in these very powerful areas. Think of Microsoft, McDonald's, Cisco, Pixar, Charles Schwab, MTV and Accenture. A lack of sensitivity to local circumstances has sometimes played havoc with US brands, especially when they tried to forcefully challenge local beliefs, values and customs. What was considered creative or innovative at home was not much appreciated elsewhere. For example, Wal-Mart is famous in the USA for its customer service and its employee evangelism. When Wal-Mart tried to duplicate this in Germany, customers were unimpressed by its meeters/greeters at the doors. Worse still for the company was that the German staff hid in the toilets to avoid the morning Wal-Mart cheer.[8]

East Asian countries, that have an education system geared to rote learning and societal values of obedience and respect for elders, do not encourage young people to stick their necks out. A lot of stock is often placed on to perfection. This is an aesthetic need that in particular encompasses many aspects of Japanese society, ranging from manufacturing to sports and from religion to food. Examples of brands that cater to this need for perfection are Lexus automobiles (tag-line: 'We pursue perfection, so you can pursue living') and Shiseido cosmetics (the Shiseido 'meme': beauty and technology). In Japan, creativity in business is often focused on process improvements, such as just-in-time production, lean production total quality management and continuous improvement. Although these innovations led to an almost worldwide quality revolution in the 1980s, it did make Japanese brands take their eyes off foreign consumers who value other things apart from quality and perfection. Arguably, the most creative area of Japanese business has been in what is commonly called gadgets, such as DoCoMo's i-mode telephones, Sony's Aibo robot dog and the Tamagochi electronic pet. Most Japanese gadgets are not much appreciated beyond Japan's shores.

The significance for global branding of these differences in creativity not only has to do with different consumer preferences, but also with the fact that global organisations employ people with these differing mindsets. In other words, the creativity of a Korean employee is going to be quite different from the kind of creativity one may expect from an Italian employee and different again from one in the USA. This is a benefit when it comes to localising the brand and fulfiling its potential across markets, but it makes the brand difficult to manage globally. However, the example of Samsung discussed in a previous paragraph shows that culture is not a straitjacket and that creativity can be encouraged by creating the right structures, atmosphere and rewards for people in the enterprise. There follows an examination of leadership in a global context.

Global leadership

Leading a global brand is about providing direction, structure, inspiration and opportunity to the people who manage the brand in various places around the world. Not only do

they themselves have different cultural backgrounds, they also manage the brand in environments that are often unknown, if not alien, to global management. It is essential that global management realises this and understands how these differences affect the brand as it stretches across the globe. On the one hand this means implementing a common brand strategy and management framework that takes these matters into account and is comparable across markets.[9] On the other hand it also means getting to grips with how leadership differs in various parts of the world.

In collectivist societies, such as most Asian ones, leadership is about managing groups rather than managing individuals.[10] This means that as a manager it is more important to ensure group performance rather than individual performance. This has an effect on strategy and creativity, because in a collectivist society these become group processes aimed at achieving consensus. Voicing personal opinions is considered bad behaviour. Strategy is, therefore, often stated in 'group language'. Hamel and Prahalad quote a Nissan senior executive as saying: 'GM is a powerful company, but they aren't clearly directing that power. If some [employees] turn left, and some turn right, a company cannot move forward.'[11] Similarly, individual creativity is not encouraged yet group creativity is often found in the shape of continuous improvement.

In Europe, leadership is often about a multi-stakeholder environment whereby management spends time and energy trying to keep everyone on board. Management is about various kinds of partnership performance, such as co-development, co-branding and public–private partnerships. Strategy is often stated in language about the vision, purpose and ambition of the organisation. This helps everyone (employees, partners, communities etc) understand what the organisation is trying to achieve. For example, express and logistics company TNT has a vision called 'Delivering More' and a subsequent mission that states 'We lead the industry by instilling pride in our people, creating value for our stakeholders and sharing responsibility for our world'.[12] Creativity is often undertaken in R&D centres, which are more and more connected with partner R&D centres. For example, Philips and Douwe Egberts jointly developed the hugely successful Senseo coffee machine by putting their knowledge of electronics and coffee brewing together. The emphasis among European brands is frequently on sharing and the evolution of technologies and knowledge.

In the USA, leadership may be about driving an organisation to achieve specific firm goals: eg increased shareholder value, ROI and market share. Strategy is often stated in terms of growth, leadership (as in being market leader) and financial results. For example, HP talks about its corporate objectives in the following order: customer loyalty, profit, market leadership, growth, employee commitment, leadership capability and global citizenship.[13] The leadership of creativity (and innovation) is often a highly personalised matter among US business leaders. It is about the personal drive of people such as Bill Gates, Phil Knight, Howard Schultz and Jeff Bezos. Creativity for US brands is generally about reinventing the way people work, innovation

breakthroughs and revolutionary tech-nology.

The leaders of globally operating companies need to be far more culturally aware than ever before. They need to understand what travels well and what does not, and when and why local adaptations to strategy, creativity and leadership are required. This requires not only an appreciation of structural, cultural and motivational differences between markets, but also a clear understanding of how the or-ganisation can best operate across markets.

CONCLUSION

Getting the mix and balance between strategy, creativity and leadership right, across multiple markets, will be the most crucial job of global and local management in the years to come if their brand's flame is to burn brightly and not to flicker or be altogether extinguished. But, as this paper ex-plains, it requires a thorough un-derstanding of how these disciplines actually work and, more importantly, how they interact with one another in structurally, culturally and motivation-ally different settings. This is not some intellectual game to be played by people sitting at their desks in com-pany, institutional and government offices, but a contest for entire or-ganisations to determine where they are going, how to do so in novel and valuable ways, and how to keep everyone inspired and on track. The best tool available to ensure this happens is the brand, functioning as the organisation's guiding, inspiring and organising principle.

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