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How global brands create firm value: the 4V model

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Abstract

Purpose – The purpose of this paper is to propose a conceptual framework – the 4V model – for better understanding how global brands create firm value. Organized around the global brand value chain, the 4V model includes four sets of value-creating activities: first, valued brands; second, value sources; third, value delivery; and fourth, valued outcomes.

Design/methodology/approach – The approach is conceptual with illustrative examples.

Findings – The sources of global brand value and the processes through which global brands contribute to firm value differ systematically across types of global brands. This paper highlights interrelations and how different activities built upon and reinforce each other.

Research limitations/implications – The 4V model ties together broad strands of research conducted to date and offers insights into ways the paper might better understand and study global brands. It should inspire empirical research on the associations between the 4Vs.

Practical implications – International marketing managers should be able to develop and evaluate global brand strategies more effectively using the 4V model described in this paper. Linking their strategies to valued outcomes puts marketers more firmly at the level in the organization they deserve, namely, the C-Suite.

Originality/value – The framework offered in this paper is unique in that it blends insights obtained from multiple sources, namely, academic research, articles that appeared in the business press, case studies, and interactions with managers and policy makers around the world.

Keywords Marketing strategy, Global marketing, Market segmentation, Brand value, Consumer culture, Global brands

Paper type Conceptual paper

1. Introduction

Brands are the lifeblood of companies. They generate market share, increase customer loyalty, amplify channel power, offer the potential for higher profit margins, and guard against competitive attacks. For these key strategic reasons, virtually all marketing activities – ranging from new product development to advertising to retail placement – focus on building strong brands (Aaker and Joachimsthaler, 2000). In a world characterized by rapid globalization, "brands" increasingly mean "global brands." This is how Berner and Kiley (2005) describe the global brand imperative in *BusinessWeek*:

> It's no accident that most of the companies with the biggest increases in brand value operate as single brands everywhere in the world [...]. The goal today is to create consistency and impact, both of which are a lot easier to manage with a single worldwide identity. It's also a more efficient approach, since the same strategy can be used everywhere [...]. Given how hard the consumer is to reach today, a strong unified brand message is increasingly becoming the only way to break through [...]. Berner and Kiley (2005, p. 55).

Özsomer *et al.* (2012, p. 1) echo this sentiment when they state: "The globalization of markets has put global brands on the center stage." But while global brands make

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strategic sense, it is less clear how they create firm value. What is the process underlying value creation? Clearly both Apple and Gillette contribute tremendously to firm value: $98.3 billion to Apple Inc market capitalization and $25.1 billion to Procter & Gamble's market capitalization, respectively (Interbrand, 2013). But the process through which this value is created, and even the metrics of brand value, may not be the same. For example, while everybody around the world recognizes Apple as a global brand, created by a near legendary founder and aspirational for millions, many consumers may not even be aware that Gillette is a global brand, and if they knew, some might not even care.

The purpose of this paper is to conceptually analyze different ways in which global brands create firm value. For this purpose, I propose a new framework – the 4V model – which distinguishes between valued brands, value sources, value delivery, and valued outcomes. The interrelations between the 4Vs can be conceptualized as a value chain – which I call the global brand value chain – where brand value is created in each successive stage (Figure 1).

The point of departure in the 4V model is the type of global brand in question, where I distinguish between prestige, premium, fun, and value brands. The firm has to analyze and leverage the source(s) of the value that the global brand in question provides to the company. Do consumers have a preference for global brands over local brands, and why? Or is a primary source of value the ability to tap into economies of scale in production, procurement, or R&D, economies of scope in marketing and superior marketing programs, or organizational benefits, such as bringing strategic coherence to the company, or allowing for faster new-product roll-out?

Global brands only survive if they are effective in delivering value to the market. The company has to decide whom to deliver to – the issue of international market segmentation. Further, what should be delivered? Increasingly, global brands not only deliver product features and benefits, but also consumer culture (Alden *et al.*, 1999, 2006). Finally, the firm needs to consider how to deliver brand value. In a globalized world, it can use arbitrage to deliver value. Finally, what kinds of valued outcomes are generated by the global brand? Does the global brand inspire trust and loyalty? Higher market share or market share growth? Higher price premium or profit margins? All of the above?

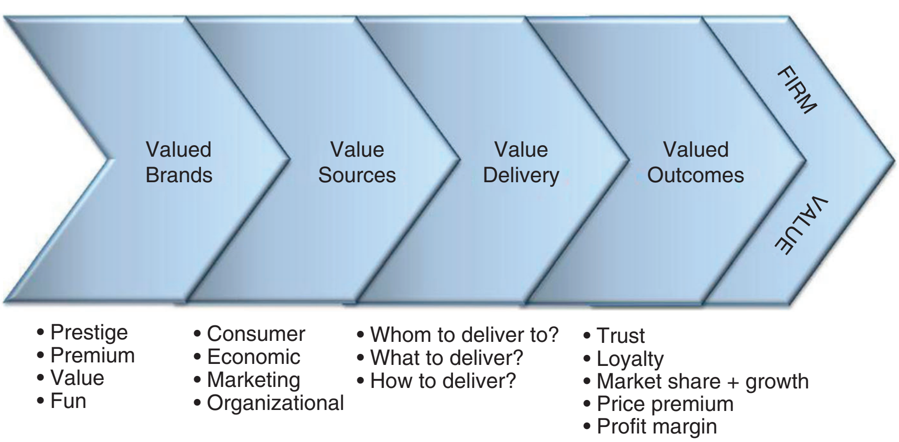

Figure 1.
4V model

In this paper, I will use the 4V model to systematically discuss ways through which global brands create firm value. In my discussion, I will blend insights obtained from multiple sources, namely, academic research, articles that appeared in the business press, case studies, executive teaching, consulting, and qualitative insights obtained in discussions with managers and policy makers\F594 around the world. In Sections 2-5, I will elaborate on the elements of the 4V model. Section 6 will conclude with a final discussion, tying together the components of the 4V model around the four types of global brands.

2. Valued brands

2.1 What are global brands?

Systematic conceptualization and analysis in the global branding area has been hampered by the lack of a generally accepted definition what is a global brand. Whitelock and Fastoso (2007) and Özsomer and Altaras (2008) document a plethora of definitions, which either focus on company strategy, consumer perceptions, or international sales.

Studies on standardization of marketing strategies have defined global brands as those that use similar brand names, positioning strategies, and marketing mixes in most of their target markets (Levitt, 1983; Yip and Hult, 2012). A second stream of research takes a consumer perspective and defines global brands as those brands that are perceived to be global by consumers and that are available in multiple world regions (Steenkamp *et al.*, 2003; Strizhakova *et al.*, 2008). As the perceived multimarket reach and recognition of a brand increases, so does the perceived globalness of the brand. A third view on global brands emphasizes international sales. The consultancy Interbrand defines global brands as brands that have awareness outside their base of customers and that generate at least one-third of their sales outside their home country. AC Nielsen defines global brands as those which are present in all regions of the world with at least 5 percent of the sales coming from outside the home region, and total revenues of at least $1 billion.

These definitions are not necessarily inconsistent with each other; rather they emphasize aspects of what a brand is – is it strategy, consumer perceptions, or sales and reach? Building on Özsomer *et al.* (2012, p. 2), I propose that a global brand is "a brand that uses the same name and logo, has awareness, availability, and acceptance in multiple regions of the world, derives at least 5 percent; of its sales from outside the home region, and is managed in an internationally coordinated manner." On purpose, this definition does not include similar positioning or image. For many global brands, especially ones that have been around for a long time, a similar positioning is not realistic, if only because its image in the home market may be very different than its image in other countries. For example, the positioning of Heineken in its home market (the Netherlands) is that of a middle-of-the-road quintessentially Dutch beer while in most other markets it has a premium positioning as a global brand.

The requirement of the same brand name in different countries may appear reasonable, but may have to be relaxed somewhat once we consider different languages. France's Groupe Bel's soft cheese brand La Vache Qui Rit is sold in numerous countries with the same logo but its brand name is translated into local languages as the French brand name would be meaningless (e.g. The Laughing Cow in the English-speaking countries, La Vaca Que Ríe in Spanish, Die lachende Kuh in German, Vessiolaia Bourionka in Russian).

The challenges of using a global brand name are exacerbated when we move to radically different language systems. Indeed, this is a key problem global brand managers have to tackle. The most important divide is between western languages, which are based on an alphabet phonetic system, and Eastern Asian languages like Chinese and Japanese which are based on ideographs. This fundamental linguistic difference often renders western brand names and abbreviations difficult to replicate, meaningless, and/or difficult to pronounce (Schmitt and Pan, 1994). Companies can choose different options to deal with this: first, using the global brand name as is; second, retaining the sound of the global brand name (transliteration); third, retaining the meaning of the global brand name (translation); and fourth, creating a new brand name both in meaning and pronunciation (Francis *et al.*, 2002). For example, Nestlé uses translation – its Chinese name is *Que-chao* (in pinyin), meaning bird's nest (after its brand logo). Coca Cola uses both transliteration and translation – its Chinese brand name being *Ke-kou-ke-le*, which sounds like the English brand name, while having a positive-related meaning, "delicious happiness." La Vache Qui Rit uses transliteration in Japan – *Raffingu Kau*, which sounds like Laughing Cow, while it uses translation in China – *Le-zhi-niu*[1]. It appears reasonable that transliteration and translation still qualify as retention of the global brand name.

The firm can further strengthen the link between the global brand name and the translated/transliterated brand name by showing both brand names. An informal examination of Chinese branding practices suggests that dual branding is employed by many international brands. Some examples are Oreo, Dove (chocolate), Kleenex, P&G (Crest), Amway, Estee Lauder, Olay, Samsung, Budweiser, Gillette, McDonald, KFC, Wal-Mart, Carrefour, Starbucks, Pizza Hut, and Subway. Disney, Marlboro, and eBay are examples of brands that only use their international name.

2.2 Types of valued brands

The literature has often treated global brands as a unitary category, but it is useful to distinguish between different types of global brands. I propose to do this on the basis of two of the most fundamental aspects of market offerings, namely, the price of the brand relative to the category and the nature of the key differentiating benefits it delivers. While brands obviously offer a bundle of benefits, I regard as the most meaningful distinction whether the key motivators to purchase the brand are functional (mind) or emotional (heart) in scope. Cross-classifying these two dimensions gives four types of valued brands (see Figure 2)[2].

Prestige brands are high priced and deliver unique emotional benefits. While functional performance is important with all brands, the primary reason-to-buy is their emotional pay-off. Prestige brands have an appeal built on specific myths associated with the country of origin (e.g. Canali suits as the embodiment of Italian style and fashion) or the provenance of a founder (e.g. Coco Chanel for Chanel)[3]. These brands are disproportionately strong in display categories with high aspirational value. Prestige brands are aspirational and selective – they exclude many to appeal to the chosen few (Baker *et al.*, 2004).

The unique selling proposition of Fun brands also primarily resides in emotional benefits, but they are more accessible than Prestige brands due to their lower price. The quality may not be the best, but then, part of the fun is the relatively rapid roll-over of products. Consider two eponymous global Swiss watch brands: Patek Philippe (Prestige brand) and Swatch (Fun brand). The former came to global prominence by emphasizing that you purchase it to "Begin your own tradition" and that "You never

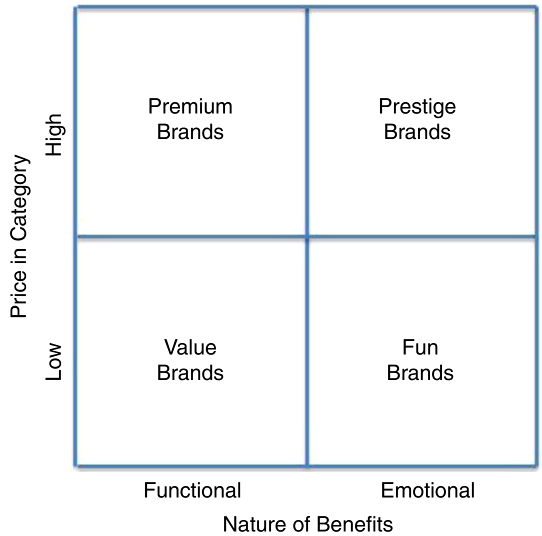

Figure 2.
Four types of global brands

actually own a Patek Philippe. You merely look after it for the next generation." Swatch on the other hand emphasized funky, low-priced watches and possession of multiple watches to match different usage situations. International apparel chains like H&M and Zara have created strong Fun brands by popularizing the concept of disposable clothing. You wear it for a short time, and when you get bored, you purchase something else, something that is newer and more exciting. Ikea was the first retailer to uncover a global segment of young people that wanted disposable furniture rather than being stuck with the same furniture for life. Fun brands will appeal disproportionately to young consumers who do not want to commit to a product for a long time. They like these brands as expression of modernity, which is closely related to a global identity (Steenkamp and De Jong, 2010).

Premium brands are high-priced brands that excel on functional quality. These brands cater to the universal appeal of high-quality products, even if they cost more, as for most consumers quality weighs more heavily than price in their purchase decisions (Zeithaml, 1988). While emotional benefits matter with all brands, Premium brands' unique selling proposition is superior product performance. Take Volkswagen A.G.'s brand Audi (Premium brand) vs Jaguar (Prestige brand). While Audi is undoubtedly a luxury car, its tagline is "Vorsprung durch Technik." Audi promises you the most technologically advanced car you can get. Of course, this will give emotional satisfaction but the source of it is functional. Compare this with Jaguar's famous "Gorgeous" ad, which emphasizes that "Gorgeous can't be ordinary even if it tries." Based on functional performance, few motorists would prefer a Jaguar to an Audi.

Finally, Value brands cater to another universal need – to get the best value possible (Levitt, 1983). These brands excel on delivering the best price-quality combination. Among the best examples are the private labels carried by international retailers like Aldi, Carrefour, and Tesco. In the past, these retailers were local players, but increasingly, they are expanding internationally and in the process take their private labels to an international level (Gielens and Dekimpe, 2007). But there are Value brands in other industries as well, such as cars (e.g. Renault's brand Dacia), computers

(Lenovo's Medion), and appliances (Electrolux's Zanussi). The existence of a global segment of people looking for value is powerfully demonstrated by Dacia's success in western Europe, including Germany, arguably the most car-loving country in the world (Foy, 2013).

3. Value sources

What is the source of value that global brands provide to companies? It is natural for marketers to focus on the consumer preference for global (vs local) brands as the source of global brand value. However, that does not explain the fact that many global brands do not tout their globalness and in fact, consumers may not even be aware of the fact that the brand is globally available, or even when they know, they may not care about this. Nevertheless, these so-called glocal brands, many of which can be found in consumer packaged goods (CPG), think about Ariel, Pampers, Pantene, or Dove, undeniably bring great value to their companies (i.e. Procter & Gamble and Unilever). Clearly, a myopic focus on consumer sources of global brand value will underestimate the value of global brands to companies. I distinguish between four types of value sources on which global brands can draw: consumer, economic, marketing, and organizational. A strong global brand ideally excels on at least one of these sources, preferably more.

3.1 Consumer sources

Research has indicated the following four reasons to be of particular importance for understanding the appeal of global brands among groups of consumers – perceived quality, prestige, global identity, and myths of cultural origin (Batra *et al.*, 2000; Holt *et al.*, 2004; Steenkamp *et al.*, 2003)[4]. To many consumers, global availability and acceptance is taken as evidence that the brand has to be of high quality. Brand name is a key indicator of quality (Erdem *et al.*, 2006), and a global image enhances the brand's perceived quality. Consumers infer that it is unlikely that a bad product can be successful around the globe (Steenkamp *et al.*, 2003). As noted by Alden *et al.* (1999), global brands often advertise their worldwide availability and acceptance. A good example is Beiersdorf's advertising campaign for Nivea Visage Q10. In one print ad, it has a picture of four women, Asian, African, Latin, and Germanic, with the headline: "64 countries, 1 face care line, 0 wrinkles." In supporting text, it mentions that it is "the world's no. 1 selling anti-age face care line." In TV ads for Nivea for Men, it also mentions that it is the world's best-selling brand among men.

Consumers may also prefer global brands because of associations of higher prestige. As Kochan (1996, p. xii) notes, "the brands most admired. […] are global brands." If global brands have higher prestige, it could be because of their relative scarcity and higher price compared to local brands. Especially in emerging markets global brands are often more scarce and more expensive than local brands (Batra *et al.*, 2000). It is well established that higher price and greater scarcity create greater aspirational, prestige appeal. The worldwide scale of these brands also allows them to be associated with globally recognized events (e.g. the Olympic Games and the FIFA World Soccer Cup) and celebrities (e.g. Maria Sharapova, Tiger Woods, Angelina Jolie, or Cristiano Ronaldo). Through a process of meaning transfer, prestige attached to these events and celebrities may be transferred to the sponsoring global brand.

A third reason for a global brand preference may be the globalness *per se* of such brands, over and above any effects via prestige and quality. Some consumers look to global brands as symbols of cultural ideals. They use brands to create an imagined global identity that they share with like-minded people (Appadurai, 1996). For them, consumption of global brands "serve as a passport to global citizenship a vehicle for participation in a global world, and a pathway to belonging to the global world" (Strizhakova *et al.*, 2011, p. 342). Companies therefore compete not only to offer the highest value products but also to deliver cultural myths with global appeal. Global brands provide consumers the opportunity to acquire and demonstrate participation in an aspired-to global consumer culture (Alden *et al.*, 1999, 2006).

Fourth, some global brands generate high consumer preference because they have associated themselves (or have become associated with) a specific myth of foreign cultural origin. Certain countries are associated with particular qualities, real, or imagined, which give an aura to the brand. Holt *et al.* (2004) report that US brands can benefit from "embodying the American dream," while attempts to impose a speed limit on the famous German Autobahn are consistently thwarted by German car companies with the argument that the ability to drive as fast as you can contributes immeasurably to the appeal of their car brands.

How do the various consumer sources of global brand value align with the type of valued brand? I submit that Prestige brands derive value primarily from the prestige component and the specific myth of foreign cultural origin (if applicable). The global culture component plays a large role for Fun brands, while the perceived quality component is crucial for Premium brands. There appears to be little evidence that the very fact that the Value brand is global adds much to the value of the brand. Even where consumers are aware of their global distribution, Value brands need to "feel close" and be seen as "one of ours, understanding our needs" – and it is this, rather than its universal availability, that enhances its equity (Baker *et al.*, 2004). These brands thus permit, if not require the greatest degree of localization.

3.2 Economic sources

Carrying global brands can lead to reduced costs *vis-à-vis* a portfolio of local brands, due to economies of scale in production and procurement and economies of scope in R&D (Yip and Hult, 2012). The company can have global products marketed under local brand names but this is typically not the result of a conscious decision but rather the consequence of acquisitions of local companies or past multi-domestic strategies[5]. Most companies actively strive to combine global brands with global products. Global brands benefit from the elimination of overlap and duplication of R&D efforts, while at the same time the quality of the product is better because the company's best minds work in a concerted fashion on a single (core) product model.

Focussed production means reducing the number of products manufactured from many local ones to a few global ones, cutting the costs involved in setup, production runs, downtime, and inventory. Higher quality product designs are associated with fewer defects in the production process, and lower costs of after-sales warranty fulfillment, which leads to further cost reduction. Enhanced bargaining power with suppliers means lower procurement costs. In a world where increasingly, companies outsource a significant portion of their production process, you need a large sales volume to command the lowest prices. Local brands typically do not have this necessary sales volume while global brands do, even if their market share in each individual country market is small. Zou and Cavusgil (2002) document the benefits of leveraging economic sources of global brand value. They find that the degree of product standardization has a positive and significant effect on global market share and profitability.

The economics of scale in production and procurement are important for the success of Fun brands and Value brands as a key element of their value proposition is the lower price[6]. Premium brands benefit especially from economies of scope in R&D, including pooling of R&D globally to put the best minds to design the best quality product.

3.3 Marketing sources

Global brands may be underpinned by economies of scope in marketing and by superior marketing programs. First, using the same marketing program across countries saves time and money. Global campaigns benefit from media spillover, allowing more exposures per dollar spent, and from traveling consumers who are exposed to the brand's marketing campaign in different countries, again increasing the return on advertising dollars. One of the best examples is HSBC. Literally hundreds of millions of travelers have been exposed to its "point-of-view" billboards in airports. Virtually unknown 15 years ago, its brand value now stands at $12.2 billion (Interbrand, 2013).

However, many managers believe that cost savings are not enough to justify standardized campaigns (Okazaki *et al.*, 2006). But there is a second source of marketing strength: global brands provide a platform to create superior marketing programs[7]. Global brands offset the disadvantage of low local market shares by pooling marketing resources across countries, allowing for higher quality of marketing campaigns that could not be achieved if development and execution would have to be paid by local budgets, often set as percentage of sales. The sales base of most local brands, unless they have a large market share, is not large enough to allow for development of expensive marketing programs and for getting the best agency talent. Consequently, their competitive position is weakened, something especially evident in CPG industry (Kumar and Steenkamp, 2007; Steenkamp and Geyskens, 2014).

The effectiveness of marketing strategies may be further enhanced by pooling the best ideas and insights across countries. This aspect is especially visible in advertising campaigns where it is often better to develop one strong campaign, using the most creative script, most professional execution, and skilled actors, rather than trying to reinvent the wheel in each country separately, and shooting ads with limited local budgets. Creative ideas are scarce, and even cursory exposure to TV ads suggests that much can be gained here. Procter & Gamble faced this challenge with its shampoo brand Pantene Pro-V (Aaker and Joachimsthaler, 2000). Pantene Pro-V was languishing until its Taiwan subsidiary came up with the idea to focus on shiny, healthy hair, and to convey this benefit using models with extraordinary hair. Even though this end state was clearly unattainable for most users, it offered hope that one day, they too may have "Hair so healthy that it shines," further supported by claims like "It won't happen overnight but it will." Within six months, Pantene was the leader in Taiwan. The concept and supporting advertising were subsequently rolled out around the world and Pantene became P&G's fourth best-selling global brand with sales of $3.1 billion in 2012.

Another way that global marketing strategies add to the appeal of the brand and also allow the company to get more impact for its budgets is in the use of admired celebrities. For example, over the last 10-20 years, Nike has been able to make significant inroads into the soccer market by sponsoring an array of soccer stars. Association with these stars greatly increases the appeal of the Nike brand, but their honorarium would exceed the advertising budgets of most local Nike brand managers. Academic research supports the importance of marketing sources in creating brand value.

Zou and Cavusgil (2002) find that companies that achieve higher standardization in advertising execution and sales promotion techniques report higher global market share and profitability. Moreover, firms that coordinate marketing activities across countries achieve higher market share. Marketing sources of global brand value are especially important for Prestige brands – in fact, localization of marketing efforts would diminish the equity of their value proposition (Baker *et al.*, 2004).

3.4 Organizational sources

Finally, a global brand can generate value for the company because of its organizational benefits, over and above consumer, economic, and marketing benefits discussed above. Although these organizational benefits tend to be intangible and "softer," they may possibly be underestimated by marketers. First, carrying a single global brand rather than scores of local brands greatly simplifies internal operations. This is how a senior manager at Procter & Gamble explained it: "If you are a big company like P&G, you don't want 100 detergents in 100 countries. You want one detergent brand that you are going to take to every country and start paring down."

Second, a global brand also facilitates rapid roll-out of new products. With product lifecycles getting shorter and rival companies ever faster to copy one's new products, international roll-out of new products is greatly facilitated by introduction under the same global brand name (Quelch, 1999). Otherwise, much time will be lost finding the "right" brand name for each country. Moreover, since the brand name is the linchpin of any marketing strategy, allowing different brand names almost invariably opens the door for other adaptations in the marketing strategy, leading to further delays.

Third, global brands also serve as a magnet to attract the best and the brightest of each cohort of new managers (Bhaduri, 2013). People identify with brands and it is more attractive, if not exciting, to work for a company whose brands you and your social circle know and love. This is apparent to anybody who teaches in an MBA program. True, some of these can be local brands but in today's global world, with younger generations being more cosmopolitan than older generations, global brands will have disproportionate appeal (Appadurai, 1996).

Fourth, as one of the most visible aspects of a company, the global brand gives the firm an identity – it serves as an organizational rallying cry. Swiss insurance company Zurich replaced its global portfolio of local brands with the Zurich brand. While this created synergies for its global branding effort, a main reason was that local companies and their employees had no sense that they belonged to one global company, which fostered the infamous not-invented-here syndrome, and a parochial culture. Fostering a corporate identity was the main reason behind Unilever's new brand logo that is now put on packaging and shown in advertisements. Employees at all the different subsidiaries around the world, often working at a local company, hardly had any idea they were part of this large multinational. This fostered a culture of localism, hindering global initiatives[8].

4. Value delivery

4.1 Whom to deliver to?

International market segmentation is a key instrument in developing, positioning, and selling brands across national borders (Cannon and Yaprak, 2011; Gaston-Breton and Martín, 2011; Papadopoulos and Martín, 2013). It helps companies to target potential customers at the international-segment level and to obtain an appropriate positioning across borders. A key challenge for companies is to effectively deal with the structure of heterogeneity in consumer needs and wants across borders and to target segments of consumers in different countries. The two main international segmentation approaches are geographical and consumer segmentation (Steenkamp and Ter Hofstede, 2002).

4.1.1 Geographical segmentation. Geographical segmentation studies either cluster countries (e.g. Helsen *et al.*, 1993) or regions (e.g. Ter Hofstede *et al.*, 2002). While geographical segmentation has always held considerable appeal to companies as the segments are easy to locate (literally) and the data are readily available, with the strong economic growth of emerging markets this type of segmentation may be more important than ever. First, the land mass of most developed countries is quite small, making geographical segmentation less necessary as it is rather easy to cover the entire country. In contrast, major emerging markets are large geographical entities by any standards. The land area of South Africa is twice that of France, the largest European developed market by land area, while Mexico is nearly four times as large. The BRIC countries are again on a completely different scale.

Second, inadequate infrastructure (roads, railways, electricity grid, distribution, and retail infrastructure) combined with huge differences in wealth between different parts of the country mean that the company may need to restrict itself to a particular geographical segment. It is simply not practical to develop consumer segments without regard to geography (Dawar and Chattopadhyay, 2002). Many western brands concentrate on the large cities, and identify the target segment within that geographically defined area.

Geographical segmentation is especially useful for Prestige, Premium, and Fun brands. Prestige and Premium brands are out of reach of many consumers, and especially in emerging markets the target segment of higher-income people will be largely in large cities. Fun brands have the greatest appeal to the cosmopolitan youth segment, which again will be found disproportionally in big cities.

4.1.2 Consumer-based segmentation. Consumer-based segmentation is the grouping of a heterogeneous set of consumers in different countries into cross-national groups that have more or less the same wants and needs. These segments should consist of potential consumers who are likely to exhibit similar responses to marketing efforts. The literature has proposed various segmentation bases (Steenkamp and Ter Hofstede, 2002). Segmentation on product attributes is especially useful for Premium and Value brands, i.e., brands whose unique selling proposition is superior functional performance. For these brands, the key challenge is to identify those consumers that are interested in the particular mix of functional attributes offered by the brand. Conjoint analysis is the method of choice when the attributes are well defined and the effects of tradeoffs between attribute levels can be readily calculated. If price is included, one can easily calculate implicit prices for attribute levels. A disadvantage of conjoint analysis is that is focusses on tangible product attributes and provides little information on consumer benefits and values, which are useful for positioning and marketing communication. Segmentation based on consumers' means-end chains alleviates this problem (Ter Hofstede *et al.*, 1999). Means-end chains are psychological associations between physical product attributes, benefits consumers may derive from these attributes, and their value structure.

The appeal of Prestige and Fun brands is in less-tangible, emotional benefits. For these types of global brands, perceptual mapping (Hauser and Koppelman, 1979) may be more suitable than conjoint analysis or means-end chains, both of which have product attributes as point of departure. While perceptual mapping can capture emotional benefits, the solution is product-specific. But the appeal of Prestige and Fun brands often transcends the product category in question. The appeal of Prestige brands fits with a lifestyle pattern of status seeking, wealth, power, exclusivity, and materialism. Similarly, Fun brands tap into such lifestyle characteristics as adventure, pleasure, excitement, and being "cool" or "hip." Consequently, lifestyle is a useful segmentation basis to uncover global target segment for Prestige and Fun brands.

4.2 What to deliver?

While global brands can be distinguished from each other based on whether their USP is primarily functional or emotional, which functional or emotional benefits are especially valued may still differ between consumers or countries. Segmentation techniques like conjoint analysis, perceptual mapping, and means-end chain segmentation may help here (especially for functional benefits which are easier to capture by these techniques) as they look for similarities in actual combinations of benefits sought.

It is also possible that there is a meta-segment that is looking for the same benefit (say, environmentally friendly) but that for consumers in different countries or regions this is delivered through different product attributes (e.g. ultra-low sulfur diesel engine, gasoline engine with high MPG, hybrid engine, or electric engine). This suggests a multi-level segmentation procedure that allows identification of meta-segments, and within these meta-segments, specific sub-segments of consumers that want to see the meta-benefit delivered in a particular way.

While positioning on product attributes and benefits is firmly established in international marketing (Kotabe and Helsen, 2010), there is the growing concern that this may not be enough; i.e., especially functional attributes can be relatively easily copied by competitors. Practitioners and researchers have proposed a key role for culture. In a world where commoditization is an ever lurking threat, the ability to link your brand to a particular type of consumer culture is seen as an important way to differentiate yourself:

> In the end, brand is all about culture. As prices fall for virtually all commoditized, manufactured goods, the real competition will be in winning the hearts and minds of consumers. […]. Welcome to the world of tomorrow (*BusinessWeek*, 2004, p. 64; emphasis added).

The literature distinguishes between three types of consumer cultural positioning: global, local, and foreign (Alden *et al.*, 1999). Building on Alden *et al.* (1999) and Kipnis *et al.* (2013), global consumer culture positioning (GCCP) can be defined as positioning the brand on a set of universal values, beliefs, lifestyle, products, and symbols that are developed through contributions from knowledge and practices in different parts of the world, are present, practiced, and used across the world in a broadly similar way and symbolize a connectedness with the world, regardless of residence or heritage. Local consumer culture positioning (LCCP) is positioning one's brand on a set of values, beliefs, lifestyle, products, and symbols characteristic of one's country of residence and that uniquely distinguish this locale from other countries. Foreign consumer culture positioning (FCCP) entails positioning the brand on a set of values, beliefs, lifestyle, products, and symbols originating from and represented by an identifiable overseas source (country or group of people) and is known to individuals either as culture-of-origin, diasporic culture of ethnic ancestry (Kumar and Steenkamp, 2013b) or an aspired-to foreign country with no ancestral link.

The type of cultural positioning most suitable for the brand depends on the type of global brand, sources of global brand value, as well as the target segment. GCCP is most useful if the very globalness of the brand is a source of brand value and if the target segment exhibits strong global identification. Positioning on global consumer culture is highly appropriate for Fun brands. For example, Pepsi (Live for Now) emphasizes the universal need for immediate gratification, characteristic of its target global youth segment. Pepsi underpins its GCCP credibility in this segment by using symbols of contemporary global pop culture in its ads (e.g. Tina Turner and Michael Jackson in the past, nowadays Beyoncé and Nicki Minaj). GCCP is also a viable strategy for Prestige brands – if the firm cannot draw on mythical origin, in which case FCCP is a powerful alternative – and for Premium brands, by catering to a universal need for high-quality products and by linking the brand with global consumer culture's inherent association with progress, modernity, and technological advances (Steenkamp and De Jong, 2010).

LCCP is most useful when the sources of global brand value are mostly internal – economies of scale and scope, simplifying internal operations, etc., and when the brand's target segment exhibits a strong local identification is strong. LCCP is most applicable to Value brands, where it is advantageous to give the brand local look and feel. For example, British consumers consider Heinz baked beans one of their own brands, although Heinz is a quintessential American company. LCCP is also often used in the home market of Premium brands, where due to historical reasons, the brand has long been regarded as "one-of-us," and its price positioning may be lower (global beer brands like Heineken and Stella Artois come to mind). Finally, LCCP is sometimes used by Premium brands in foreign markets to avoid ethnocentric biases. Toyota in the US emphasizes in its ads its link to local societies and local employment.

FCCP is most appropriate if the foreign country in question has strong and positive connotations in the product category (Kumar and Steenkamp, 2013a). For example, Unilever's brand Bertolli (Into the heart of Italy) emphasizes its Italian origin, a definitive advantage for pasta products. The brand logo of L'Oréal includes "Paris" to emphasize its link with the world's capital of elegance and style, while in its US advertisements, Volkswagen (Das Auto) uses the slogan "That's the Power of German Engineering." The advantage of FCCP over GCCP is that not every brand can credibly use it and hence it gives a basis for sustainable differentiation for those that can. For example, German engineering excellence is great to use in FCCP for cars, and puts Italian and French cars at a disadvantage. However, this characteristic is of little help to German fashion or food companies, where French and Italian companies have a distinct FCCP advantage. FCCP is most useful to employ for Prestige and Premium brands – provided the myth associated with your home country helps in your industry.

4.3 How to deliver?

4.3.1 Global supply chain – economic, cultural, and administrative arbitrage. Global supply chain decisions focus on where the production of a particular marketing activity takes place. It is useful to use the concept of arbitrage here (Ghemawat, 2007). Arbitrage refers to the globalization of "producing" a marketing activity (e.g. product, advertising, after-sales service, etc.). It involves leveraging differences across countries for company advantage instead of treating them as constraints to be adjusted to (local adaptation) or overcome (global standardization). Three bases for global brand arbitrage are economic, cultural, and administrative (Ghemawat, 2007).

Economic arbitrage is employed when the company purposefully produces the marketing activity in a particular country to achieve lower cost production or to tap into specific expertise. Economic arbitrage can save companies as much as 70 percent of their total costs (Farrell, 2004). It explains why currently so much manufacturing has shifted to China, and in the future probably to Vietnam, Burma, and Bangladesh. It is also the basis for outsourcing of labor-intensive customer relationship management activities like after-sales service to countries like India and the Philippines. Economic arbitrage allows western brands to remain price competitive, something especially important for Value and Fun brands. Less common is economic arbitrage to tap into specific expertise, but over time certain countries have built such a knowledge infrastructure in a particular domain that they have become attractive locales for production, over and above cost considerations. For example, many western IT companies have shifted considerable activity to India because of the pool of skilled IT experts, especially in Bangalore. South Africa is a popular location to shoot ads because of local expertise and good weather. And even though Silicon Valley is anything but cheap, it also houses many of the best IT experts, providing a basis for economic arbitrage which has proven hard to imitate.

The basis for cultural arbitrage is the advantages conferred to the brand by the "Made in" label (Verlegh and Steenkamp, 1999). Manufacturing the product in a country that has a favorable country of origin image in your industry allows the brand to use the "Made in" claim as part of FCCP. This is especially important for Premium and Prestige brands. Note that cultural and economic arbitrage may by at odds with each other. Clearly, it makes economic sense to manufacture Canali suits in Bangladesh but it makes cultural sense to manufacture them in Italy. Why pay $2,000 for a suit made in Bangladesh? Apple tries to square the circle by assembling its products in China (economic arbitrage) while in its US ads it emphasizes that its products are "Designed by Apple in California" (cultural arbitrage as California is the Mecca of technology). The more a brand derives its strength from prestige connotations, the more important cultural arbitrage will be. India's Tata Motors, the owner of Jaguar understands this well. They have said that it is essential for the mystique of the brand to retain its production in high-cost Britain rather than to shift it to lower cost countries like India (Kumar and Steenkamp, 2013a).

Administrative arbitrage uses differences in tax regimes to select the place where the brand is "located." A common procedure is to register the brand in a country with a favorable tax regime and charge other countries a license fee for the use of the brand. By setting the licensing fee to maximally allowed limits, the company essentially transfers a large portion of the brand profits from a high-tax country to a low-tax country. Starbuck's uses this approach. For example, since first opening its doors in Britain in 1998 Starbucks has paid only £8.6 million in corporate income taxes despite being obviously very successful in that country. It avoided taxes by making large payments for coffee to a profitable Starbucks subsidiary in Switzerland and large royalty payments to another profitable subsidiary in the Netherlands (where it negotiated a secret low rate with the Dutch tax authorities) for use of the brand and intellectual property (*The Economist*, 2012).

Another procedure is to use a sales bureau, used by Apple Inc. Apple Sales International is incorporated in Ireland without tax residence. It buys finished products from manufacturers like Foxconn in China to resell to affiliates at a mark-up. Its 2011 earnings were $22 billion on which it paid $10 million in taxes, for a tax rate of 0.05 percent vs the US corporate tax of 35 percent (Waters, 2013). Although this is not something consumers would typically know (and if they did, it is unlikely they will like it), it adds to overall valued outcomes.

4.3.2 Marketing mix – global integration, local adaptation and worldwide learning . It is a truism in global marketing "to think globally and to act locally." The challenge though is how to do that in practice. In fact, the question how the brand's marketing mix should be delivered on a global basis is among the most important issues facing global brand managers (Kotabe and Helsen, 2010). What should be left to local decisions, what should be decided globally, and how can local managers learn from each other? To complicate matters, the decision may be different across marketing mix instruments (Yip and Hult, 2012).

A marketing mix instrument is a candidate for global integration if its effect is similar across countries (the earth is flat). In the opposite case, local adaptation, the effect of the marketing instrument is completely local (everything is different). The company can learn little, if anything, from experiences in other countries, and therefore, maximum flexibility is recommended. Unfortunately, discussions seem to polarize on the tradeoff between integration vs adaptation. In many situations, it may be more useful to recognize that the effect of a marketing instrument differs across countries in a predictable way (it depends). In this intermediate case, the marketing instrument is a prime candidate for worldwide learning. By understanding the effect of country characteristics on the effectiveness of the instrument in question, the company can adjust it to different countries in a predictable manner.

In a recent study, Steenkamp and Geyskens (2014) apply these ideas to derive recommendations regarding strategies to build or fight store brand share around the world. Our approach informs managers about the effectiveness of using various marketing instruments more vs less intensely, not about the content of specific strategies (see Zarantonello *et al.*, 2013 for a study that considers content). In our study, we develop a framework to decide which of the three scenarios applies to any particular marketing instrument (Table I). A globally integrated strategy is appropriate when the overall (global) effect of a particular factor is significant and the market response parameter does not vary across countries. For example, we find that innovation by national brands is a candidate for inclusion in a globally integrated

Table I.
Global marketing mix strategies in function of cross-national generalizations

	Marketing mix response parameter		
Global strategy	Overall effect significant?	Cross-national variation in response parameter?	Significant reduction in cross-national variation by introducing country factors?
Global integration	Yes	No	na
(the earth is flat)	Yes	Yes	No
Local adaptation	No	Yes	No
(everything is different)	No	No	na
Worldwide learning	Yes	Yes	Yes
(it depends)	No	Yes	Yes

Note: na is not applicable
Source: Adapted from Steenkamp and Geyskens (2014)

strategy as their effect is the same around the globe. A local adaptation strategy is called for if the market response parameter varies across countries, and this variation term cannot be reduced by introducing country factors. In our research price promotions are a candidate for localization as its effect was highly contingent upon country and category. Potential for worldwide learning is present if a particular market response parameter varies across countries and a significant portion of its cross-national variation can be explained by country-level factors. That is, the overall effect is systematically and predictably modified according to the characteristics of the country. For example, the effectiveness of brand advertising in reducing store brand share fits this scenario – it is more pronounced in larger countries and less pronounced in countries characterized by a secular-rational culture.

5. Valued outcomes

5.1 Calculating brand value

The purpose of the previous stages of the global brand value creation process is to build brand value, and ultimately firm value. Theoretically, the value of a brand is the net present value of its expected cash flows:

$$Brand\ Value = \sum_{t=1}^{N} \frac{E(CF_t)}{(1+d)^t} \tag{1}$$

where $E(CF_t)$ = expected cash flow generated by the brand in year t; and d is the discount rate. The formula shows that brand value is affected by three factors: the magnitude of the expected cash flow generated by the brand in year t, the temporal distribution of expected cash flows, and the discount rate. The discount rate is obtained by correcting the company's overall required rate of return for the brand-specific riskiness of its cash flows. Larger, less risky, and earlier cash flows are worth more than smaller cash flows, more risky cash flows, and cash flows that occur later.

Despite the elegance and simplicity of Equation (1), it has proven challenging to use it in practice because it has been difficult to accurately estimate its different components. This is evidenced by the fact that the two most influential lists of global brand value, Interbrand's "Best Global Brands" (published annually in *Bloomberg Businessweek*) and Millward Brown's BrandZ "Top 100 Most Valuable Global Brands" (published annually in the *Financial Times*) often lead to vastly different dollar value for the same brand. Table II illustrates this by comparing the 2013 brand value for the top-15 global brands as reported by Interbrand with the corresponding brand value as estimated by BrandZ. Note that there are not only large differences in notoriously volatile technology brands but also in established brands like McDonald's, Mercedes Benz, and Toyota.

This table shows the practical limitations of using Equation (1) to guide the company in evaluating different brand strategy options, and in assessing how effective it is in transforming its valued brands, value sources, and value delivery into brand value. Therefore, companies use a variety of partial metrics – or valued outcomes – that tap into one or more of the components of the discounted cash flow formula. These valued outcomes can be classified into consumer outcomes, market outcomes, and financial outcomes. It is useful to consider multiple valued outcomes per category. I propose the following partial metrics to be among the most useful: trust and brand

Brand	Interbrand ($billion)	BrandZ ($billion)	Interbrand – BrandZ	Brand value as % of firm value (Interbrand)
Apple	98.3	185.1	−86.8	22.4
Google	93.3	113.7	−20.4	32.0
Coca Cola	79.2	78.4	+0.8	46.5
IBM	78.8	112.5	−33.7	38.5
Microsoft	59.5	69.8	−10.3	21.5
GE	46.9	55.4	−8.5	19.2
McDonald's	42.0	90.3	−48.3	43.7
Samsung	39.6	21.4	+18.2	23.8
Intel	37.3	13.8	+23.5	32.7
Toyota	35.3	24.5	+10.8	17.0
Mercedes-Benz	31.9	18.0	+13.9	38.0
BMW	31.8	24.0	+7.8	45.8
Cisco	29.1	11.8	+17.3	23.3
Disney	28.1	23.9	+4.2	24.4
HP	25.8	16.4	+9.4	63.5

Note: Reported is the brand value for the top-15 brands of the Interbrand, (2013) list and the corresponding brand value according to BrandZ. Firm value is market capitalization on October 2, 2013

Table II.
Value of the Top-15 global brands according to Interbrand and BrandZ

loyalty (consumer outcomes), market share and market share growth (market outcomes), and price premium and profit margin (financial outcomes). Although these outcomes are related, they each tap specific facets of brand value (Table III).

5.2 Proxies of brand value – valued outcomes

5.2.1 Consumer outcomes. Trust is an "attitudinal" or mindset construct. It is the consumer's belief about whether or not the brand keeps it promises. Chaudhuri and Holbrook (2001) show that brand trust is an important antecedent of brand loyalty, market share, and brand price premium. In unpublished research, I find that year-on-year sales growth of brands in CPG categories where brand trust is low is about 3 vs 8 percent in categories where brand trust is high (Steenkamp, 2013). A consumer who places high trust in the brand is more likely to buy it (which should increase the magnitude of the cash flows), may be less sensitive to competitive

Valued Outcomes	Effect on expected cash flow: Magnitude	Risk	Timing
Consumer outcomes			
Trust	×	×	×
Brand loyalty	×	×	×
Market outcomes			
Market share	×		
Market share growth	×		×
Financial outcomes			
Price premium	×		
Profit margin	×		

Note: × indicates most prominent effects

Table III.
Valued outcomes

actions (which should reduce the risk in the expected cash flows), and may buy more of the brand (which accelerates cash flows).

Brand loyalty is both a commitment to the brand (attitudinal) and a tendency to buy the brand over time (behavioral) (Oliver, 1999). Its effects on the elements of the components of Equation (1) mirror trust, but loyalty is likely to be more diagnostic. It is more "difficult" – i.e., the hurdle is higher – to be committed to a brand than to trust a brand (cf. Geyskens *et al.*, 1999 for a similar argument in B2B context). Moreover, since brand loyalty also contains a behavioral component, its performance consequences are more direct.

5.2.2 Market outcomes. For most brand managers, market share metrics are the most important proxies of brand value, if only because they are easily observed on a monthly basis and are invariably included in annual marketing plans. High market share brands will generally have larger cash flows, and strongly growing brands benefit from acceleration of cash flows.

5.2.3 Financial outcomes. Strong brands are able to command higher prices than weak brands which should have a positive effect on the magnitude of the cash flows. After all, strong brands command higher trust and loyalty and fulfill needs of the target segment better (Aaker, 1991). Illustrative is what happened in the German CPG market between 2005 and 2012. In this period, which included several economically tough years, the strong brands (market leader and brands priced above the market leader market) saw their share growing from 26.2 to 28.5 percent. This should be considered against the background of the surge in popularity of private labels, which increased in share from 32.8 to 37.9 percent. So, who lost? The so-called lower-priced, middle brands, whose market share declined from 41.0 to 33.6 percent. This is a dramatic decrease in an industry that is often labeled as highly stable.

We have seen that global brands can draw upon various value sources, including economies of scale and scope, and can use economic or administrative arbitrage. The reduced costs may or may not show up in any of the other valued outcomes (dependent on what the company decides to do with the money saved) but it will certainly affect the bottom line for the brand. Strong brands have quasi monopolistic power with higher profit margins as the ultimate reward.

5.3 From brand value to firm value

For marketers, it is obvious, if not tautological, that brand value translates into firm. However, to managers with a financial and accounting background (heavily represented in the C-suite) the link is less transparent because brand value is not included in the balance sheet and marketing outlays are treated as expenditures rather than investments to be amortized over the years. They often feel uncomfortable with something as seemingly intangible as brand value (a sentiment shared by many accounting and finance professors). The fact that different brand valuation methods can lead to vastly different results obviously does not help. However, this can lead to somewhat bizarre results. If a company develops its own brands through investment in marketing activities, the resulting brand value does not appear on the balance sheet. But if it acquires another brand, brand value will appear on the balance sheet as "goodwill" – the difference between the price paid and the acquired brand's tangible assets (production facilities, etc.)!

Despite reservations of financially trained professionals, financial markets obviously incorporate brand value in the market capitalization of the company. Mizik and Jacobson (2008) quantify the impact of brand equity over and above firm earnings on shareholder return. They argue that brand equity provides information about the future growth opportunities of the firm which is incremental to the information contained in operating income. This is indeed the case. Brand equity adds an additional 35 percent of valuable information to operating income data in explaining stock returns[9]. Table III illustrates the contribution of brand value to firm value for the top-15 global brands using the Interbrand results. Global brand value accounts for between 17.0 percent (Toyota) and 63.5 percent (HP) of the total value of the firm. Any company asset that accounts for such a large share of firm value is worthy of top management attention.

6. Conclusions

This paper introduced the 4V model of global brand value creation – valued brands, value sources, value delivery, and valued outcomes. The 4Vs are logically organized around the global brand value chain. I will conclude this paper by discussing how various elements of 4V model line-up for each of the four types of valued brands. While in principle, everything can be associated with everything else, it is useful to focus on the most compelling alignments. Table IV provides the overview. The results are to some degree dependent on the product category in question – e.g., Premium brands in food and household items will call for greater local adaptation than Premium brands in electronics or cars (Alden *et al.*, 1999). Nevertheless, Table IV can help marketing practitioners by providing guidelines and benchmarks against which to evaluate their own decisions, and marketing academics to refine and modify these recommendations.

6.1 Prestige brands

Key value sources for Prestige brands are that consumers prefer global brands because of associations with higher prestige and some of these brands can draw upon the myths associated with a foreign cultural origin. Moreover, they benefit from economies of scope in marketing – pooling of best ideas of marketing campaigns and media spillover, especially related to world travel. It is no coincidence that Prestige brands are heavily advertised in the world's ultimate deterritorialized place – the airport[10]. While cost considerations matter to any brand, economies of scale are not primary considerations for these brands. Finally, Prestige brands have an edge in attracting top talent in the home country.

The primary segmentation bases for Prestige brands are geographic (residence in large cities)[11], lifestyle, and emotional benefits. Their primary target segment is the global Elite segment, described in detail in Hassan and Katsanis (1994). Consistent with the consumer-based value sources, FCCP or GCCP are recommended consumer culture positioning options. FCCP is recommended if the Prestige brand can draw on a myth of foreign origin, whether that is a country or a mythical founder, closely associated with a country (e.g. Coco Chanel and France). If FCCP is used, the global supply chain should employ cultural arbitrage – any rumor that the brand is not produced in the country of origin undermines its credibility. A globally integrated marketing mix should be the point of departure. In fact, localization of the Prestige brand should be discouraged.

With respect to the valued outcomes, in Table IV, I will focus on a fundamental tradeoff between price premium and market share. For Prestige brands, the pendulum swings decidedly toward price premium. Paradoxically, if a Prestige brand sells too much, this may undermine its very core essence of being for the select few. After all,

Table IV.
How various elements of the 4 V model line up for valued brands

	Prestige brands	Fun brands	Premium brands	Value brands
Value sources				
Consumer	Prestige; myth of foreign origin	Globalness *per se*	Perceived quality	–
Economic	–	Economies of scale in production and supply chain	Economies of scope in R&D; pooling of best engineers	Economies of scale in production and supply chain
Marketing	Pooling of best ideas; media spillover	Use of global celebrities	–	–
Organizational	Attracting top talent especially from home country	Rapid roll-out of success; attracting top talent from around the world	Rapid roll-out of success	Simplifies internal operations; corporate identity
Value delivery				
Segmentation basis[a]	Large cities; lifestyle; emotional benefits	Large cities; lifestyle; emotional benefits	Large cities; product attributes; functional benefits, means-end chains	Product attributes
Primary target segment	Elite	Teen/young urban professionals	Quality seekers	Value seekers
Consumer culture positioning	FCCP; GCCP (if COO not favorable)	GCCP	FCCP; GCCP (if COO unfavorable); LCCP (home market)	LCCP
Arbitrage	Cultural (in case of FCCP)	Economic	Economic	Economic
Marketing mix	Global integration	Global integration + worldwide learning	Worldwide learning	Local adaptation
Valued outcomes				
Price premium vs market share	Price premium	Market share	Price premium + market share	Market share

Note: [a]The geographic segmentation basis (focus on large cities) applies especially to emerging markets exclusivity is a core attraction of Prestige brands: "Not everybody can buy it, then again it is not meant to be for everyone" (Baker *et al.*, 2004).

6.2 Fun brands

The primary consumer-based source of value of Fun brands is their globalness *per se* – consumption of these brands makes people part of the global community and its values of modernity, unity of mankind, and progress. Other value sources are economies of scale which are crucial to allow the company to offer the Fun brand at a relatively low-price point, and the use of global celebrities, who hold a disproportionate appeal to the target segment. Fun brands also draw on organizational sources, especially rapid global roll-out of new products as its buyers are continuously seeking for new experiences, and ability to attract the best (young) talent on a global basis, drawn to the brand's very globalness.

Like Prestige brands, the segmentation bases for Fun brands are geographic (residence in large cities), lifestyle and emotional benefits sought in the category. But the primary target segment is very different – the global segment youth segments (teenagers, 20-somethings), especially those that live in urban areas[12]. The preferred consumer culture positioning is GCCP and the basis for arbitrage is economic rather than cultural. Economic arbitrage is important to be able to offer the product at an affordable price while cultural arbitrage is less important since GCCP is deterritorialized (Alden *et al.*, 1999). Since Fun brands cater to a segment that is among the most global in outlook (Hassan and Katsanis, 1994), a globally integrated marketing mix strategy makes sense. But unlike Prestige brands, some local variations on a global strategy are called for as global culture is often combined with local elements to create hybrid cultural realities (Arnett, 2002; Steenkamp and De Jong, 2010). This suggests an important supplementary role for worldwide learning, allowing for some degree of localization within a common framework. The primary valued outcome is market share. A high price will put Fun brands out of reach of many in its target segment and will reduce economies of scale.

6.3 Premium brands

The USP of Premium brands is their superior perceived quality. To be able to deliver this, these brands draw further strength from pooling of R&D efforts. A key organizational source of value is rapid roll-out of new products around the world – which is important as technical innovations are quickly copied by competitors and product lifecycles are getting shorter.

The primary segmentation bases are geographic (residence in large cities), product attributes, and means-end chains. The target segment is people that are looking for the best quality, a large segment in any country. To bring home the quality message, FCCP can be employed if the COO image is favorable. GCCP is also an option, especially when the COO image is less favorable. LCCP will typically be less attractive unless it concerns the home market of the Premium brand. Economic arbitrage can be employed but can create tension with FCCP. That is why in its advertising VW emphasizes German engineering, not Germany as COO. Since the attitudes and outlook of the global segment of quality seekers is less well documented than the global outlook of the Elite and Teen segments, it appears prudent to give greater scope to give more leeway to local in initiative within a global framework.

Premium brands have to keep two balls in the air – maintaining price premium and building market share. While the price premium is consistent with the position of

Premium brands in the marketplace, the high costs of R&D require a large sales base. That is one reason why Audi feels compelled to move downwards into smaller models (A1, related to the VW Polo; A3, related to the VW Golf) as it feels it cannot sell enough of the more expensive Audi models to achieve economies of scale. While understandable, the danger of blurring brand identities to its ability to charge a premium is obvious.

6.4 Value brands

For Value brands, the sources of value to the company are primarily economic and organizational. A single global value brand allows for economies of scale in production and supply chain, simplifies internal operations to counter brand proliferation common among brands with a strong local component (Kumar, 2003), and serves as an organizational rallying cry. The primary segmentation basis is on product attributes, where associations with higher end values (means-end chains) matter less since purchase motives are primarily utilitarian, rational in scope. Buyers of value brands are focussed on getting the best price/value in the market. LCCP is appropriate to give these brands the required local "look-and-feel." Economic arbitrage is crucial to be able to offer the brand at a low-price point and of all four types of valued brands, these brands call for the greatest degree of local adaptation in marketing strategy. The key valued outcome is market share.

To conclude, global brands are at the intersection of two key strands in marketing – branding and global marketing. Marketing academics and practitioners have made great progress in understanding sources of global brand value, how the value is delivered, and what the tangible outcomes are. But while by now we know a considerable amount about specific elements of the 4V model, systematic knowledge about the interrelations between different components of the 4Vs is much more limited. As a consequence, the integrative Table IV is largely based on my own understanding of the global marketplace, while it would have been clearly beneficial if there was a body of research to support – and refine – my assessment. I believe this should be an area of future academic research. Such research will both be academically influential as well as being instrumental in putting marketing more firmly at the level in the organization it deserves, namely, the C-Suite.

Notes

1. In Chinese ideographs, the brand name is 乐芝牛, with the first ideograph referring to "happy" (*le*) and the last one to "cow" (*niu*). The second ideograph (*zhi*) means a certain kind of plant, mostly refers to grass, but with good literacy meaning behind it, usually smells good, and has respectful personality. In this brand name, 芝 does not have substantive meaning, but to make name complete and pronounce better with a positive word. Why? In ancient Chinese poems and essays, 芝, as well as 兰 (orchid) together imply gentleman with elegant and exalted personality. That is why it is a word with good meaning. I elaborate on this case to highlight the challenges the global brand manager faces when moving from a western writing system to an ideographic system.
2. This same typology can also be applied to local brands, but that does not detract from its usefulness to analyze global brands. I will use this typology to examine how each type of global brands draws upon different global value sources, employs specific ways to deliver value on a global scale, and should be evaluated on particular valued outcomes.
3. Here and elsewhere, my examples involving specific brands are for illustrative purposes. See Alden *et al.* (1999) for similar practice. While the examples are based on informed

understanding of the marketplace, I acknowledge that some branding experts may label some brands differently.

4. This does not mean that all consumers embrace one or more of these sources of appeal. Many global brands face strong opposition from some consumers simply because they are global (Dimofte *et al.*, 2008). However, the literature has supported the existence of these consumer sources of global brand value among meaningful groups of consumers around the world.
5. Yip and Hult (2012) describe one such an example in detail – Unilever's worldwide fabric softener, developed in Germany under the brand name Kuschelweich, and subsequently marketed as Robijn (Belgium, Netherlands), Bamseline (Denmark), Cajoline (France), Coccolino (Italy), Mimosin (Spain), Yumos (Turkey), Snuggle (USA), Fofo (Brazil), Fafa (Japan), Pomi (South Korea), and Huggie (Australia).
6. It is obvious that economies of scale in production and procurement always contribute to brand outcomes, *Ceteris paribus*. However, here and elsewhere, I will focus on the most pertinent relations. While such economies of scale benefit Prestige and Premium brands too, costs are relatively less important for these brands given that they are able to charge a higher price. Premium brands need to excel on quality, where economies of scope in R&D are crucial given high R&D costs to remain an industry leader and the benefits of pooling best R&D talent on a global basis. Economic sources appear less important for Prestige brands as their USP is not in functional performance.
7. Note that superior marketing programs are likely to translate into higher consumer preference. However, this increased preference is not based on the perception of the brand being global, but on "more bang for the marketing buck."
8. An illustration of the difficulties Unilever faced in earlier times in such a culture is provided by Christensen and Zobel (1998).
9. The Mizik and Jacobson study focuses on customer-based brand equity, using the Young & Rubicam's Brand Asset Valuator model. As such, their work is most closely aligned to my consumer outcomes.
10. See Kasarda and Lindsay (2011) for the role of airports in today's consumer culture and in the world economy.
11. For Prestige and Premium brands, the focus on large cities (Tier-1, Tier-2, and possibly Tier-3 cities) is especially applicable to emerging markets, where distribution challenges and extreme disparities in income render large parts of the country economically relatively unattractive (see also Dobbs *et al.*, 2012).
12. For Fun brands, the focus on large cities also primarily refers to emerging markets. But unlike Prestige and Premium brands, this geographical focus is less grounded in extreme disparities between large cities and other parts of the country. Rather the mindset of consumers in large cities is more conducive to embrace global culture and its Fun brands than the mindset of people living in small cities and villages (cf. Appadurai 1996).

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