Is Global Brand Standardisation Possible? Oreo's International Expansion

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There are many financial and efficiency advantages to operating a standardised global brand. However, some different "scapes" make it difficult to successfully standardise brands across culturally diverse markets. A literature review showed that very few companies have achieved this. In 1996, Oreo launched their cookies in China with a standardised brand, replicating the brand identify from the United States market. After nine years of below expectation sales, a review was done, and the brand was glocalised for the Chinese market. This was then replicated through other global markets with great success.

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Is Global Brand Standardisation Possible?

Global brand standardisation: myth or business opportunity? The financial benefits of global brand standardisation are well-known (Millward Brown, 2006), but is it a realistic concept?

Globalisation has helped companies expand their markets size across geographic borders. No longer is a brand restricted to a single country. This has created the idea of global brands. A customer can visit any McDonald's restaurant in the world and know they'll receive the same tasting Big Mac burger. However, different countries have differing cultures and expectations, so is a global brand truly possible?

This research examines this hypothesis by looking at a case study of Oreo's strategic global expansion.

A Little Background

Before discussing why a standardised global brand is appealing, it is necessary to look at what is a brand. Different people define brand differently. Definitions range from just the organisation's logo and color selection to a "contribution of many factors, including the name, logo, symbols, design packaging and performance of a product or service as well as the image or type of associations that comes to mind when consumers think about a brand." (Belch and Belch, pp 15). This more inclusive definition is recommended as it matches the customer's view. However, it makes the brand more difficult to manage across multiple markets and countries (Management Study Guide).

Expanding a brand across multiple markets is a boon to brands that has developed from globalisation. Castells describes globalisation as "the process that constitutes a social system with the capacity to work as a unit on a planetary scale in real or chosen time" (Castells, 2008). It has also been described as "the process of reducing barriers between countries and encouraging closer economic, political, and personal interaction" (Spears, Parker and McDonald, 2004, p.57).

Globalisation is a relatively new concept, brought about, in part, by the political power response to the collapse of the Soviet-style communism in the 1980s and '90s (Steger, 2005). The introduction of the Internet could also be seen as a contributing factor to globalisation's acceptance by large segments of the population.

There are five dimensions of global cultural flow (or the elements of globalisation) they are ethnoscapes, mediascapes, technoscapes, finanscapes, and ideoscapes (Appadurai, 2004). These dimensions are becoming homogenous between nation-states, through migration (ethnoscapes), multi-national companies sharing financial assets and technological assets (finanscapes and technoscapes), shared knowledge (mediascapes), and knowledge of societal norms impacting the cultural status quo (ideoscapes). The dimensions have lead to the knowledge of, and demand for products not traditionally available in individual nation-states. Starbucks coffee is now sold in more than 65 countries (Starbucks International), and the quintessentially German, Volkswagon car is manufactured in Mexico for sale in the United States (Rauwald, 2013). Thus creating brands that have "transcended its cultural origins to develop strong relationships with consumers across different countries and cultures" (Hollis, 2010) – a global brand.

What's the Benefit of a Standardised Global Brand?

The greatest benefit of a global brand to an organisation is financial. A global brand means standardisation across all geographic markets (Laidley-Kyander, 2007). The same strategies and creative can be reused creating marketing efficiencies with reduced staffing and production costs. Research has shown "most advertisements which perform well in one country will also perform well in others" (Millward Brown, 2006).

An additional benefit was found by a Thai study. When looking at the perception of global and local brands, by ownership, they discovered that global brands were viewed more positively, regardless of ownership (Winit, 2014).

From this, it can be concluded that global brands with standardisation is the recommended marketing and advertising strategy for multinational brands.

Global Brand Standardisation and the 'Scapes

Brand standardization is needed to achieve these efficiencies. However, what is brand standardisation? It is using the same brand imagery, including product, from one country to another (Laidler-Kylander, Quelch, and Simonin, 2007). Language is considered an acceptable customisation (Briggs, 2012).

To match our preferred definition of brand, standardisation needs to look at more than just the advertising and include the product itself.

There is very little evidence of a truly global brand existing. Levitt claims in *The Globalization of Markets* that soft drink giants, Coca-Cola and Pepsi-Cola have achieved this, and that cigarettes is another product able to have a true global brand (Levitt, 1983).

However, there is little to support this success and degrees of standardisation is more common, and encouraged. This is due to the impact of the five dimensions of global cultural flow (ethnoscapes, mediascapes, technoscapes, financescapes, and ideoscapes). These factors create the culture in each nation-state, with differing tastes, characteristics and behaviours, making true brand standardisation a utopian concept. While these factors are becoming more homogenised globally, the volume of brand customisation suggests the homogenisation is not as developed as Levitt claimed it to be in 1983.

One useful model for assessing the level of standardisation possible in global brands is from Okazarki, Taylor and Zou (fig. 1). This model details all the environmental and strategic factors impacting a global brand's ability to standardise its brand.

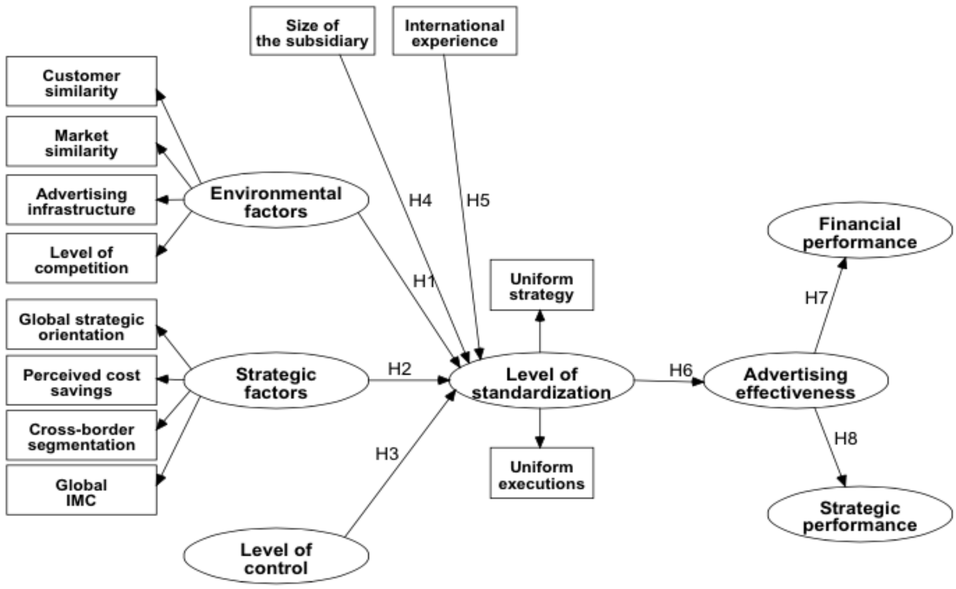

Figure 1

There are many stories of global brands attempting to standardise their brand with minimal success. Mattel originally launched the Barbie doll in Japan and accepted the failure. The Barbie brand resonated best with Japanese women in their 20s, who were more interested in a Barbie fashion line, than the actual doll. Mattel relaunched with the Barbie Boutique (Briggs, 2012). Many more examples of partial brand standardisation, where the global brand image strategy remains with a local twist: IKEA customer shuttle buses in Japan and cucumber flavoured Lay's potato chips in China (ibid). This concept of global brand strategy with local execution is termed "glocalisation" (Dumitrescu and Vinerean, 2010).

It is interesting to note the majority of failed global brand standardisations and customisations are from Western brands expanding into Asian countries.

Literature Review Summary

While the financial benefits of a global brand cannot be disputed, research has not shown if creating a global brand is truly possible. The homogenisation of the five *'scapes* has opened up the possibilities for global brands to create economies of scale and efficiencies with a standardised brand image across each geographic market. However this is hindered by the cultural move to think local and preserve a nation-state's individual ideoscape. With most of the global brand standardisation cases looking at expansion into Asian markets, there is a chance the existing research is biased.

Methodologies

The research uses the American brand, Oreo, as a case study. Oreo is a global cookie[1] brand with American roots. It now sells in many international markets (Mondelez International). The brand is global based on the premise of "Twist, Lick, and Dunk", and a success in each market it operates in (Clements et al., 2013). This case study will examine and compare the Oreo brand's introduction to each China and India, and the brand messaging in the United States, Australia and the United Kingdom.

Data was obtained from various business journals, and the current brand owner, Mondelez International. The Oreos advertising history is being sourced from business and mainstream newspapers: the New York Times, NPR, and Business Today.

Empirical case studies have been used as they are "unstructured approached, in contrast, allow you to focus on the particular phenomena being studied, which may differ from others and require individually tailored methods" (Maxwell, 2012). They also may suggest hypotheses, interpretations, and empirical uniformities (Platt, 1999).

The data will be coming from news articles and blogs. These documented and analysed Oreo's focused move to international markets (versus their initial

[1] The term cookie will be used for consistency through this paper. This is versus the Australian and UK term, biscuit, which has different meanings in different countries.

convenience launches). The news articles and blogs were chosen using a purposeful sample. This sampling method is ideal for case studies as it helps achieve representativeness, can adequately capture heterogeneity in the population, allows for deliberate examination of critical cases, and illuminates the differences in cases allowing for comparisons (Maxwell, 2012 p 89-90).

Findings

The literature on global brand standardisation is inconclusive and leads the idea that it is impossible. The cultural differences between countries are too immense to overcome (Briggs, 2012).

Many companies come close to a fully standardized global brand, with identical products and brand image. KFC fast-food's Chinese sales account for nearly 40% of their operating products. However they modified their brand product to include items like breakfast congee and rice dishes (Beer, 2012). Colgate added a fresh tea Plax mouthwash for the Chinese market[2], and Nestle change their instant coffee recipe to satisfy the Chinese palette. Even BMW created a longer version of its 5-series sedan for wealthy Chinese with personal drivers and wanting more room in the back seat (ibid.)

These global brands made slight modifications to their brands to be successful globally. When the American cookie[3] brand, Oreo, expanded to international markets, the local brand image was replicated.

Oreo's Brand History

Since 1912, Oreo has been American's most loved cookie with its distinctive blue and white logo (Clements et al., 2013). Generations of Americans grew up with

[2] The research author uses the name "flax" for the mouthwash, but there is no available evidence that this brand exists. Plax is Colgate's dental hygiene brand name globally.

the chocolate wafer and vanilla cream cookies. Twisting, licking and dunking them in glasses of milk.

Oreos commenced exporting in 1949 (Oreo, 2012). First to Canada, then central and south American countries. By 1993, Oreo cookies were available in more than 30 countries, but the company's focus was still on the United States market (ibid.). Little is written on this initial expansion, and it can be assumed the brand image and product were fully standardized across all markets.

In the late 1990s, Oreos expanded their focus to more global markets. China and India were targeted for their immense size (Beer, 2012). The Chinese launch was in 1996, and India in 2011 (Oreo, 2012). Australia and United Kingdom launches were also during this time.

A Global Launch with a Standardised Brand

A true global standardised brand was used for the new markets. Different results came from each country. Oreo cookies were a success in Australia, where a 1994 United States television commercial was recycled for use. This author has fond memories of quoting "mom says chocolate is not good for dogs", with her siblings. It appeared that despite the literature a true global standardised brand was possible.

Oreos in China

Unfortunately, the Chinese sales figures did not copy those of Australia. Sales did not meet expectation and management considered pulling out of the Chinese market (Beer, 2012). In 2005, parent company, Kraft[4], conducted research to identify the reasons for the lackluster performance (ibid).

The research found four issues impacting sales.

1. The Chinese are not big cookie eaters

[4] Multiple mergers and acquisitions have transferred ownership of the Oreos brand. It was created and owned by Nabisco, and was owned at times by Kraft and Cadbury. It is now owned by Mondelez International, who also owns Kraft and Cadbury.

2. Customers thought the taste was a little too bitter and a little too sweet (ibid)
3. Chinese customers lack the emotional attachment that American customers have for the cookies, to overcome their alien shape and taste
4. Value-conscious Chinese customers found packs of 14 cookies too expensive (Clements et al., 2013).

As a result, the Oreo brand was glocalised for the Chinese market. Additional, smaller package sizes were introduced, the recipe was tweaked, and the product range was expanded with wafers and even green tea flavoured cookies (ibid). The brand image retained its look and feel, and television commercial were created featuring children teaching their parents to twist, lick and dunk. This maintained the traditional brand theme.

By 2013, Oreos was China's best-selling cookie (Clements et al., 2013).

Glocalisation Goes Global

Oreos introduced the glocalisation strategy to their other markets. Work with the brand research company, Millward Brown resulted in re-shooting commercials with local actors for Australia. This simple change appealed to mothers and increased revenue by 50.2% (Millward Brown, 2010). The United Kingdom received its own versions of the television commercials (Cutler, 2008).

These lessons were applied to the Indian launch in 2011 (Sarkar, 2013). Pre-launch taste tests prompted a sweeter cookie. In two years, Oreo gained 30% of India's cream cookie market (Clements et al., 2013).

Discovering that a true standardised global brand is not possible means Oreo now uses two tag lines. "America's favourite cookie" is used within the United States, and "Milk's favourite cookie" for elsewhere. The logo and brand look and feel are still global.

Opportunities for Further Research

While Oreo was forced to tweak their brand to be global, further research is required before a conclusive comment may be made on the possibility of a true standardised global brand.

Multiple limitations have impacted this research. The data sources only examine five of the 30+ markets where Oreo biscuits are sold. The Latin and South America regions have only received a cursory examination, and Eastern Europe has been over-looked. These country groups have different demographic profiles than the ones selected and could have different brand representations. Research has stated that the "Twist, Lick, and Dunk" concept is global. However, this research does not look at the other elements of brand standardisation in those markets.

The other limitation in discussing if true global brand standardisation is possible is the number of case studies. Due to the scope of this research just the one case study was examined. Oreo has seen higher success than many brands examined in the literature review, but several tech industry brands may have achieved true global brand standardisation. If the research scope were expanded, then global tech companies, Hootsuite and Apple Computers should be examined. Both brands, with a cursory look, appear to be truly standardised globally, but further research is needed to ascertain this status.

Conclusion

From looking at Oreo's global expansion and the other brands in the literature review, it appears true global brand standardisation is rare and not a recommended marketing goal. Glocalisation is a more achievable and realistic strategy for global brands.

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