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Indian Global Brands - A Farfetched Dream: An Empirical Analysis

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Abstract:

David Ogilvy had famously said, “Anyone can make a product, but it takes patience, perseverance, vision and genius to create a brand.” And when it’s a global brand it takes a lot more than that. The Interbrand’s list of top global brands is populated with the usual suspects from the US, Europe and Japan, but not surprisingly, there are also brands from South Korea and Mexico. Where are Indian brands in the global arena? Are they busy with defending their brands in local markets? Do they see Europe and USA as market or they are confused with their target markets? Are Indian companies happy with doing backend jobs for foreign companies? Have we lost appetite for fame and recognition? In India we have organizations like Tata , Reliance, Airtel who have built very strong Indian brands in the domestic markets, but can’t they create a single strong global brand? Can’t we find an Indian jugaad (ingenuity) to build global brands like Samsung and Hyundai? These questions arise when we don’t see any Indian brand appearing in the list of top hundred brands, even in 2013 interbrand’s ranking. India being the one of the fastest growing economies has still insignificant share in the global market. Indian companies have the abundance of skilled human resource to accomplish this mission. Then what are we waiting for -government subsidies. These global brands have given Indian corporate leaders a lot of night mares and it’s their turn now. Indian corporate house should change their strategies from only defending their product in India to challenging Global brands in their countries of origin. Therefore the present study aims to examine the position of Indian brands in the international market. Specifically the study will

- Analyze the opportunities that Indian companies have to create strong global brands.
- Understand the challenges faced by Indian brands in establishing themselves in international markets.
- And suggest strategies to these companies to overcome the challenges faced by them.

The study will adopt an exploratory research methodology followed by a descriptive research to establish the findings of exploratory part. The exploratory research will be conducted with the help of existing literature, expert opinion and case studies. The findings from the exploratory part of the research will be put to test with the help of descriptive research methodology using a structured questionnaire and statistical analysis of the responses.

Keywords: Global Brands, Indian Brands, Interbrand Ranking, Positioning

1. Introduction

Kapferer (1997) mentions that before the 1980’s there was a different approach towards brands. “Companies wished to buy a producer of chocolate or pasta: after 1980, they wanted to buy KitKat or Buitoni. This distinction is very important; in the first case firms wish to buy production capacity and in the second they want to buy a place in the mind of the consumer” (p. 23). This change in the consumer perception was the major reason for organization to promote brands and not products. Customers buy logos and symbols and lots of other things which we don’t see on the packaging. Strong Brands are very powerful assets for an organization. Brands are omnipresent; they penetrate almost every aspect of our life: economic, social, cultural, sporting, even religion . In post modern societies individuals wants to give name to their consumption. (Kapferer , 2004). Global Brands are nowadays ruling the international as well as local markets.

Global brands are brands associated with global products which are well known in all the major markets of the world. A global brand has the advantage of economies of scale in terms of production, recognition and packaging. The globalization of the world markets has made the ability to establish a global profile for products and brands an increasingly important prerequisite for competitiveness. The battles for and against global marketing programmes with standardized approach are well fought now (Buzzell 1968;levitt 1983;Douglas and Wind 1987). In today’s globalized world there are organizations that are specialized in providing consultation for building Global brands. They measure the brand value and publish list of top brands every year. Interbrand is one of the world’s largest brand consultancies.

Interbrand’s raking list of top hundred global brands of 2013 is topped by Apple, Google and Coca Cola. By looking at the list one can easily figure out that the most of the list is populated by the American, European and Japanese brands. But we can also spot South Korean brands like Samsung and Hyundai. Seven decades after India’s Independence we are still not eligible to become the

part of the top global brands list of 2013. No presence in the list is an issue of major concern for corporate Leaders. When countries like South Korea can create great brands like Samsung and Hyundai then we can also. This curiosity led us to study the problem why Indian brands can't join the league of top global brand.

2. Conceptual Framework

2.1. Global Brands

Branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of the most valuable intangible assets that firms have. While certain brands are generally considered as good examples of global brands like coca cola and Apple, there are no clearly and formally agreed upon definition and characteristics of the global brands among researchers and practitioners. Instead many different definitions of the global brands are provided and used interchangeably, creating some confusion. For example Aker and Joachimsthaler define global brands as (2000,p,306) “brands with a high degree of similarity across countries with respect to identity, position ,advertising strategy, personality, product ,packaging and look and feel” According to Hankins and Cowking (1996,p.3),the global brands . “offers consumers across the world , a consistent (i.e., standardized) proposition and the same product formation.”Without a universally accepted definition, most practitioners use several characteristics to delineate the concept. For example several industry sources or periodicals provide the global brand lists based on their own criteria such as “whether or not the brand has a global geographic presences and whether or not the brand generates a certain percentage of sales outside its home country”. Academics consider the term “global Brand “to imply a standard product /branding approach, while practitioners are more interested in global availability of brand /product (Anonymous 2001;Khermouch 2012). Here in this study we have taken InterBrand list of Top 100 Global brands into consideration, therefore we will consider there eligibility criteria as the operational definition for this study.

2.2. Interbrand

Interbrand started in 1974 when the world still thought of brands as just another word for logo.

They have changed the world's view of branding and brand management by creating and managing brands as valuable business assets. They have nearly 40 offices and are the world's largest brand consultancy. They bring together a diverse range of insightful thinkers making their business both rigorously analytical and highly creative. Interbrand has the broadest geographical presence – offering more people, more disciplines, and more knowledge tailored to their clients.

2.3. Criteria for Inclusion

In 2010, Interbrand's brand valuation methodology was the first to be certified as compliant with the requirements of the ISO 10668 international standard for monetary requirements for brand valuation. There are several criteria for inclusion in Interbrand's annual Best Global Brands report. The brand must be truly global and needs to have successfully transcended geographic and cultural boundaries. It must have expanded across the established economic centers of the world, and be establishing a presence in the major markets of the future. In measurable terms, this requires that:

- At least 30 percent of revenues must come from outside the brand's home region.
- It must have a presence in at least three major continents, as well as broad geographic coverage in emerging markets.
- There must be sufficient publicly available data on the brand's financial performance.
- Economic profit must be expected to be positive over the longer term, delivering a return above the brand's operating and financing costs.
- The brand must have a public profile and awareness above and beyond its own marketplace.

These requirements—that a brand be global, visible, and relatively transparent in financial results—lead to the exclusion of some well-known brands that might otherwise be expected to appear in the ranking. The Mars and BBC brands, for example, are privately held and do not have publicly available financial data. Walmart does business in international markets under a variety of brands and, therefore, does not meet Interbrand's global requirements. For similar reasons, brands in several sectors have been excluded like Telecommunications, Aviation Industry, Pharmaceutical.

2.4. Best Global Brands: Valuation Methodology

There are three key components in all of our valuations: analyses of the competitive strength of the brand (Brand Strength), the role the brand plays in the purchase decision (Role of brand), and the financial performance of the branded products or services(financial Analysis). Interbrand's valuation methodology enables organizations to articulate the contribution of their brand to business results. It brings together market, brand, competitor, and financial data into a single framework within which a brand's performance can be assessed.

- 1) Financial Analysis
- 2) Role of Brand
- 3) Brand Strength

2.5. Opportunities for Indian Brands

In this article we have identified three major opportunities for Indian corporate for developing Global Brands.

2.5.1. New Market Opportunities

With demand and economic power shifting to developing and emerging countries, with large and aspiring middle class populations. Indian brands can focus on these emerging, high growth markets before targeting the developed world. These

markets will provide better return on investments and the leverage to become more competitive. Samsung, Hyundai and Acer successfully adopted this route and are now names to reckon with across the globe.

2.5.2. Acceptance in foreign Markets

In foreign markets we are already famous by yoga, bollywood our heritage, customs and call centers. Now it's the time try something new we will not be disappointed. Today people know India is a emerging economy and are doing good at many fronts.

2.5.3. Skilled Human resources

The time has come for the Indian knowledge economy, which contributes extensively to build intellectual capital across the world, to create its own power brands. These idea based brands can be the mantras to showcase our thought leadership. The services sector, biotechnology, ITES, hospitality and education need to break free from their back-office mindset and harness their creativity and imagination to create and market global brands from India.

3. Challenges for Indian Brands

In our study we have been successful in identifying a four major road blocks Indian companies are facing on their way to build strong global brands.

3.1. Poor Brand Image

Indian brands suffer from a poor brand image in the foreign markets. Most of the consumers around the globe consider Indian products of lower standards or poor quality. All Western consumers, when asked what they think of a brand that comes from India or China or any other emerging market, say it will be of poor quality,"(Vivek, Kaul, 2013). Poor quality is the image of Indian brands in the foreign markets and to overcome this is the major challenge for the Indian organizations.

3.2. Organizational Inertia

It is the tendency of a mature organization to continue on its current trajectory. This inertia can be described as being made up of two elements -- resource rigidity and routine rigidity. Resource rigidity stems from an unwillingness to invest, while routine rigidity stems from an inability to change the patterns and logic that underlie those investments. Resource rigidity relates to the motivation to respond, routine rigidity to the structure of that response. In the face of rapid or discontinuous external change, it is the organizational inertia that must be overcome if a firm is to survive. In a competitive situation where new players are entering the industry, it is the incumbents that are particularly susceptible to the downside of this inertia. In this case it is often referred to as incumbent inertia. This is precisely why contract manufacturers in emerging markets haven't developed brands. "Their existing business model is very successful. To evolve into a new business model with uncertain chances of success and doubtful profitability is unlikely," (Vivek, Kaul, 2013). Indian corporate house are affected by the both the inertias, resource rigidity and routine rigidity. Most of the Indian corporate want to play safe by not investing in the uncertain global market and others don't want to diversify. This is the major reason Indian Business leaders are not hunting oversea markets.

3.3. Leadership Issues

Brand builders everywhere think they want global brands. But global brand leadership, not global brands, should be the priority. (Aaker and Joachimsthaler, 1999). Its great leaders, who create great brands by their realistic visions and consistent efforts. Indian corporate leaders may be don't see the foreign markets as the future for their products and the problem lies with their attitude and approach towards global markets. A few Indian organizations already have strong presence in most of the countries but to qualify for the list there are certain parameters where don't qualify.

3.4. Role of Government

China being a major competitor of India is already aware of the importance of the global brands for the rapid economic development. In 2004, the Chinese government launched a Brand Promotion Committee to help companies to move toward that goal. It is composed of government officials, industrial leaders, technological experts and journalists. Zin Zongtang, the Director of this Committee claimed that the need to cultivate top brands is not only the task of the companies themselves but is also part of the work of the government (Cri 2005). In the last 11th five year Plan of 2006, there is also a special report on the strategic development of "famous" Chinese brands. It is mentioned that China will focus its efforts on the development of ten worldwide brands and will develop another 100 strong brands. These brands can receive the label of "famous brands". If they do so, they can receive financial help and technological support. They are protected against copies and intellectual property (Cri 2007). These are the reason for success of brands like Haier and Huawei. Taking lesson from the Chinese government we feel there is a strong need for creating brand promotion committees in India also. We feel government not playing a positive role in promoting Indian Global brand is also a major reason for slow development of Indian brands.

3.5. Objectives

The present study aims to examine the position of Indian brands in the international market. Specifically the study will

- Analyze the opportunities that Indian companies have to create strong global brands.
- Understand the challenges faced by Indian brands in establishing themselves in international markets.
- And suggest strategies to these companies to overcome the challenges faced by them.

3.6. Hypothesis

- H1: There are huge growth opportunities for Indian Brands in foreign markets.
- H2: Attitude of the Indian corporate leaders towards foreign markets is mainly responsible for the poor Global image of Indian Brands.
- H3: Indian Government has a role to play in the development of the Indian brands
- H4: Indian companies needs to adopt new strategies to survive in the global market.

3.7. Methodology:

On the basis of the literature review we figured out four major challenges which Indian companies face in establishing Global brands and that are Poor brand image , Organisational inertia , Leadership Issues , Role of Government. We formulated a questionnaire and used a five pointer likert's scale to study this issue. Fifty questionnaires were distributed among academicians, professional and industrialists in J&K. Descriptive analysis was done to analyze the data.

4. Analysis and Interpretation

Item No	Statement	Mean
7	Government is not providing support to Organizations	3.95
14	Government should make policy to help organization to make global brands	3.65
15	Government has no role to play in building global brands.	3.05

Table 1: Perception towards the role of Government in creating Global Brands

The table 1 given above shows the mean values of role of government in creating global brands. It is revealed from the table that Government is not providing support to Organizations scored a mean value of 3.95. Government should make policy to help organization to make global brands scored a mean value of 3.65. And Government has no role to play in building global brands scored a mean of 3.05.

Statement No	Statement	Mean
1	Higher financial benefits	3.6
3	Important for Economic growth and development	3.9

Table 2: Perceived benefits of creating Global Brands

The table 2 given above shows the mean values of perceived benefits of creating global brands. It is revealed from the table that higher financial benefits scored a mean value of 3.6 while as importance for economic growth and development by creating global brands scored a mean value of 3.9.

Statement No	Statement	Mean
5	Indian leaders have lost appetite for fame and recognition.	2.9
10	Lack of vision of Indian business house is responsible for small share in global markets.	2.95
12	Indian corporate leaders have everything to make strong brands except attitude to make that happen.	2.85

Table 3: Leadership issues is a major challenge for Global Brands

The table 3 given above shows the mean values leadership issue as a major challenge for Global Brands. Indian leaders have lost appetite for fame and recognition scored a mean of 2.9. Lack of vision of Indian business house is responsible for small share in global markets scored a mean of 2.95. Indian corporate leaders have everything to make strong brands except attitude to make that happen scored a mean of 2.85.

Statement No	Statement	Mean
2	Indian brand shave a very poor brand image outside India.	3.85
8	Indian companies don't understand foreign market needs.	3.05
9	Indian companies are poor at communicating their brands in foreign markets	3.55

Table 4: Poor Brand Image a major challenge for Indian Global Brands

The table 4 given above shows the mean values of poor Brand Image as a major challenge for Indian Brands. Indian brands have a very poor brand image outside India has scored a mean of 3.85. Indian companies don't understand foreign market needs scored a mean of 3.05. Indian companies are poor at communicating their brands in foreign markets scored a mean of 3.55.

Statement No	Statement	Mean
4	Indian brand don't make global brand because of the inertia to venture in new markets.	3.65
8	Indian companies are busy in defending their brands in local markets.	3.05
11	Corporate leaders are scared of going global because of survival issues.	3.75

Table 5: Organizational Inertia a challenge for Indian Global Brands

The table 5 given above shows the mean values of Organizational Inertia a Challenge for Indian Global Brands. It is revealed from the table that Indian brand don't make global brand because of the inertia to venture in new markets scored a mean value of 3.65. Indian companies are busy in defending their brands in local markets scored a mean value of 3.05. Corporate leaders are scared of going global because of survival issues scored a mean a mean of 3.75.

5. Findings

Our finding show that professional and academicians agree that government is not providing support to build global brands. But there is a difference of 0.6 in mean, between respondents who agree that government should provide support and those who believe government has no role to play. Almost most of the respondents feel that creation of global brands will bring financial benefits as well as the economic development. More than 50 percent of the respondents believe that the leadership issue is a major challenge for Indian Global brands. And also agree the Lack of vision and attitude of leaders are major responsible factors for our absence in the global arena. The findings also show that India Brands have a poor brand image in the foreign markets. Organizational Inertia is also agreed by the most of the respondents as one the major reason for not having the global brands. The survival issues and the opportunity cost are the major reason stopping the corporate leaders from going global.

6. Suggestion

The government of India has a very important role to play in creating Global Brands and should make policies to help organizations in achieving these targets. Global brands are very important for the financial growth and development of the country as well as the organizations, therefore Organizations should start focusing on the international markets. We have good corporate leadership, so we can really rely on them to take us ahead in the international markets. The only thing is the attitude of the leaders which acts as a roadblock in going global. Poor Quality Image of Indian Brands is also a major issue because nobody wants to buy the poor quality product, we need to do a lot of work on our brand Image. Our understanding of foreign markets is poor which creates a huge gap between our brand communication and target groups. We need to work on both understanding the foreign markets as well as our Brand communication strategies. Organizational inertia is the last but most important reason which has stopped our leader to move to the foreign market. The opportunity cost involved makes it difficult for them to decide whether to continue with the current state of the business or diversify into new ventures. They can start with the third world countries in the beginning to overcome this inertia.

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