MANAGING LOCAL BRANDS IN FACING CHALLENGES OF GLOBALIZATION:
BE A LOCAL OR GLOBAL LEADER?

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Abstract
This article is resulting from; literature review with in mind after taking into consideration all previous studies in regard to branding issue. All views and advice from academicians and practitioners are modified to fit with local issue. Domestic entrepreneurs are expected to be confronted by fierce competitions in the local markets after the arrival of regional free trade agreement in SEA countries also known as AFTA (Asean Free Trade Area). This situation further worsens by impact of globalization which indirectly influences their business performance. As entrepreneurs from developing country it is challenging to compete with global players that are well-established. Therefore, the discussion of this working paper concentrates on the issue of branding which guides local entrepreneurs to manage brand more effectively. Finally, the framework on strategic branding for local players will be discussed more detailed.

Key words: brands, local products, branding strategy.

INTRODUCTION
Brand plays a vital role as a key success in providing higher profit margins for firms if it is properly managed. Building a global brand should be part of local’s company long term objective. Importantly, to become a global brand producer, firms must realize the fact that branding strategy is an important source for sustainable competitive advantage (Gordon, Calantone, & di Benedetto, 1993; Kumar, Bohling, & Ladda, 2003).

Possessing a strong brand is a key success factor for companies pursuing global marketing strategy. Many Western companies have succeeded in developing trusted brand names among consumers globally. By having this merit, it serves as a competitive advantage to the firms especially in penetrating new foreign markets. These are well demonstrated by established global brands such as Coca-cola, Kodak and Kellogg that still control a large portion of world’s market share today (Kohli & Thakur, 1997). Therefore, for local companies, the implementation of strategic branding can facilitate them to prosper in the local as well as international market.
The introduction of economic reforms through New Economic Policy (NEP) has produced some remarkable achievements such as the emergence of several successful domestic products with international competitiveness. Local brands such as Air Asia, Petronas, MAS and Selangor Pewter have reflected some successful stories of local entrepreneurs competing in the global markets. At present, there are various challenges faced by local firms that hinder them to compete with leading global brands present in the local market. One of these challenges is the increasing consumers’ demands, diversity of new distribution channels and drastic technological changes (Susan, 2001). These challenges could be overcome if local entrepreneurs react positively with the changes in marketing environment by developing a sound branding strategy matched with local environments. Baum (1990) confirmed that brand competitiveness is not placed on the launching of new brand but heavily dependent on the company’s strategy and reaction in facing the changes in marketing environment.

Along with an ever increasing challenging competitive environment as an implication from globalization, and the blur position of local products in the local and global markets have raised one interesting question. Is it possible for local products to increase its market share under such challenges? Therefore, this paper is trying to shed some light on the mentioned issues by looking at the supremacy of branding strategy in helping local entrepreneurs to confront the challenges of globalization.

CONCEPTUALIZATION OF BRAND

There are various views on the concept of brand in the literature. Some of them are as follows: first, brand is associated with trademarks name (Florek & Insch, 2008). Second, brand is an image to channel image value and differential point (Cretu & Brodie, 2007: del Río, Vázquez & Iglesias, 2001). Third, brand if referred more specifically as either intangible or tangible values provided by the products or services. Tangible values acquired when consumers obtained products’ benefit directly from the brand in which he or she purchased. Whereas invisible benefit is whereby consumers experience benefits via brands’ name, product features and distribution channel (Alreck & Settle, 1999: Leventhal, 1996). Thus, it can be summarized that a brand is a value-added to a product. This value-added is used to differentiate a product from its competitor in such a way that the brand has a name which is easy to easy to remember, it has logo, unique symbol, better packaging with additional services. Furthermore, it is essential for a brand to project its own uniqueness through its product or service (Pearson, 1996).

BASIC BRANDING STRATEGY

The success of acquiring market surplus is closely related with the ability of the company to develop a strong brand. What is more important is the ability of brand to give competitive edge, which is its capacity to give differential benefit in comparison with other brands products. This differential benefit is vital in enhancing branding strategy.

The main differences for a brand are based on the uniqueness of brand name and easier to be associated with something good. For example, Keller (1988) found out that Federal Express's name success is associated with speed, reliable and comfort to its customers. Creating an attractive image and linking it with a unique brand name will contribute to an absolute differential for a brand. McDonald’s have succeeded in creating a unique image among its fans,
whereby it is considered as a restaurant that is trustworthy which offer quality foods, good services, clean, value to consumers, and comfort.

The use of new technology has enabled to create better and cheaper distribution systems. It also streamlines business system structure to be more efficient and in turn more capable of delivering branding method effectively. This method requires three very important elements; namely to be the best in the industry, to be trusted by consumers, and to develop relationship with customers.

**Strive to be the best in the industry**

In order to be the best in the industry, it is very important for the firm to apply continuous evaluation and control to its main asset - its brand. The main asset here is referring to elements such as recipe, name, trademark, image, packaging and the overall value of the brand (Arjun & Morris, 2001). So it is not surprising that KFC, Coca-cola and Levi could still be able to survive until now, even though these brands are the pioneer in their industry respectively. This is because they are successful in guarding their recipe and their overall main asset's value until now to avoid new competitors that could challenge their position.

**Strive to building brand loyalty**

Consumer confidence on a brand is the core to forming brand loyalty. The process of confidence building on image of a particular brand is based on the experience of ownership and usage of the brand (Delgado-Ballester & Munuera-Aleman, 1999:2005). Thus, consumers’ experience will influence the direct assessment on the brand. Consumers’ experiences are formed as a direct consequence of testing, usage and satisfaction when assuming the purchase brand. In addition, indirect assessment on the brands also plays important role and it is happened through advertisement, and through words of mouth (Grace & O’Cass, 2005: Krishnan, 1996). In all, experience from the ownership and usage of a particular brand is more relevant and important as source to build customers’ trust on the brand.

Total satisfaction will build customers’ trust on a brand. This is because it is the main indication to brand performance, which is consistent in fulfilling all those promises communicated through its commercial, in addition to guarding personal interest and individual welfare (Delgado-Ballester & Munuera-Aleman, 1999: 2005).

**Strive to building strong relationship with customers**

Branding is one of the channels of building relationship between firms with its customers. This can be seen if consumers trust the firm’s brand and continuously buying its products, an indirect relationship is sealed (Chernatony, 1996). In strengthening brands and establishing a relationship with customers, it can be demonstrated that many firms from banking, finance and insurance industries, establish an efforts to foster better long term relationship with their clients by providing free expert advice services to their clientele. These efforts could be adapted to local products by setting up customers’ relationship department to entertain any grievances, comments and problems from their customers.

From branding perspective, advertising is needed; in fact it is one of the devices used to develop relationship between firm and customers. This process involves a one-way persuasive communication which is impersonal and carried out under a limited time. These make
characteristics advertising to be less effective than personal relationship (Leventhal, 1996) since most of consumers will be more inclined towards personal and friendly treatments. Hence, local entrepreneurs could form warm and friendlier relationship with theirs consumers through attractive consumer promotions through the introduction of loyalty cards, as illustrated by Shell and its "bonus link card" to its loyal customers.

BRANDING STRATEGY FOR LOCAL ENTREPRENEURS

In their efforts to develop strategic brands, local entrepreneurs should heed two markets’ scenarios in which they have to explore, locally or globally. For domestic markets, brand reinforcement strategy can be adopted since it enables local entrepreneurs to survive and in turn, fend off any attack from foreign brands present in the local market. Simultaneously, the outcome of this brand reinforcement will broaden up the size of market share as the strategy acts to prevent the driving force of foreign brands.

On the other hand, different role will be played by local entrepreneurs in the global markets; they must emphasize on systematic brand development method, starting from the selection of suitable brand name up to repetitive brand communication. This branding process here is concerned more towards developing brands which are acceptable to different types of customers worldwide.

Product and Brand Factor

Local company should critically evaluate its brand's potential before making a move to compete in foreign markets. This evaluation is made on the basis of product and brand factors. Product factors are conceptualized as the target market, the cultural environment and the structure of market competition. Therefore, it is wise to evaluate the elements of product factors before deciding to produce a global brand. If there are constraints in the product factors, local entrepreneurs must concentrate to be a leader in the local market and if the product factors are conducive which can match needs, wants and taste of global consumers, the firms with this merit should develop a global brand which has the potential in the global market (Susan, 2001).

In the case whereby local entrepreneurs attempt to become global players to fulfill demands from overseas markets, on account of general homogenous wants and tastes, striving for branding extension (international/global brands) would be the best strategy. Many small and medium local enterprises’ products (SME) have target markets that are similar to foreign markets such as shampoo. Hence, when naming the brand of that particular shampoo must be made with special care and sensitivity in accordance with global markets’ needs. Here, the elements of local name and image which is not suitable to be transferred to the new markets should be avoided because it is alien to the new market (Srivatsava & Shocker, 1991). It could be a disaster if a company use brand name that does not suitable with the new markets (Dagnoli, 1990).

Generally, a product that is closely related to its culture must use local brands strategy (Susan, 2001). Food and household goods are one of the types of products that are closely related with local culture. It is strange if curry powder which is part of the Malays and Indians’ culture to use “Western” brand name and image to make it more commercial.

The decision to be made on going global or local is also influenced by the strength of local and global brands in a specific market. Importantly, the structure of market competition has an impact on branding strategy of a company (Douglas & Craig, 1996). Coca-Cola is a perfect
example that succeeds in its market competition structure. In Turkey, one of the popular beverages among the locals is a drink made from pear. Consequently, this factor had forced Coca-Cola to launch a new beverage brand flavored with pear fruit (Echikson & Foust, 2000) to enhance its local present and eventually building a strong relationship with the locals.

Once the product and market structure have been carefully deliberated, local entrepreneurs have two alternatives branding strategy to face AFTA and globalization. Firstly is a defensive strategy which the main aim is to expand market share locally. This strategy requires local entrepreneurs to emphasize greatly on their brands reinforcement. Secondly is expansionary strategy. At this juncture, local entrepreneurs should take advantage of the implementation of AFTA with an accent on market penetration to Asean members’ countries. This can only be achieved when they have succeeded in building a sound branding management strategy in the market they ventured in (see figure 1).

In summary, there are two options for local companies in building a strong brand, which the brand can eventually be a leader in local market or becoming a global brand that succeed in foreign markets. The following discussion will elaborate in detail these two options on how local companies could compete locally or globally.

**Local Strategy (Brand Reinforcement)**

Local strategy or brand reinforcement is a key requirement for local firms that do poorly in producing unique products and brands. This strategy also applied to the local companies when they have a number of constraints in product factor as being discussed earlier. As a consequence of having limitation in product factor, the brands are foreseen not be able to fulfill the traits of global brands.

Currently, a majority of local entrepreneurs are comfortable with their product brands positions in the local markets. This is mainly due to tariff and non-tariff barriers created by the government with the aim to protect local brands. However, with the implementation of AFTA in this country, they might lose some of the current privileges. Consequently, the opening of foreign products to this country will create a more competitive environment in the domestic markets.

Branding is not the only ways to remedy the above mentioned problem; however this strategy can help to boost products’ competitive edge (Chaudhuri & Arjun, 2001). In local strategy, there are three important factors which can assist the local players to strive best in the industry. The factors are 1) brand image 2) brand trust and lastly brand loyalty.

In the initial stage, companies must enhance its brand image. The most important is image construction, it will try to differentiate between brands A and B or product A from the products B. This image can be explained by brand identity and the process of image construction must be coordinated with all the company’s activities and strategies. The research done by Shocker et. al. (1994) explained that at this stage buyer not only bought brand but in fact the buyer also bought the identity of that brand.

Consumers’ experiences with a brand drive them to make an assessment on compatibility between the images its carries with the personality owns by that particular brand. If a local brand is trusted by its domestic consumers, based on the personality image of that particular product,
this particular brand will certainly be able to sustain in the domestic competition. The trust that is given by the consumers could ensure the local brands to be strong and stable, and consequently, to enable domestic entrepreneur able to fend off theirs global competitors' forces by becoming market leader in the local markets especially shortly after the implementation of AFTA.

When a brand has won the trust amongst its consumers, the gain trust helps to extend the product’s life cycle and eventually this will help the entrepreneurs to expand their market share. As a result of this, improvement of product’s competitive edge will be realized. It is clear that trusts from local consumers towards local brands are the forcing agent in the process of brand reinforcement. Therefore, it is imperative for local brands to win the trust of local customers. By having this long term trust amongst local consumers, repetition of purchase is expected to increase, and more importantly loyalty towards the brands is formed.
A unique image created could increase the trust of buyers. Create a unique image can increase buyer’s belief. According to Krishnan (1996) this brand trust is resulting from consumers’ experiences whether directly (from brands usage) or indirect (hearing the brands from advertisement or from brands reputation). Local company must have the right image for their products to attract consumers’ interest to buy. After purchase, consumers will be satisfied from the use of products bought (brands trust is established) and further become a loyal buyer.

The defensive strategy will give local entrepreneurs the opportunity to expand their market share before facing pressure from the arrival of global brand. Brand loyalty is critical at this stage whereby this factor is a priceless asset which will provide a large long-term return to the company (Arjun & Morris, 2001).
Market share expansion would materialize when loyalty to the brand could be developed. Buyer will buy and continuously buying regardless of changes in marketing environment or price (Assael, 1998). Therefore, SMI’s entrepreneurs have to look into this aspect and implement it in their companies in order to face the challenges of globalization issue.

The advantage from brand reinforcement strategy will enabled local entrepreneurs to build barriers for their global competitors from penetrating local markets, to increase their capability to respond to their competitors’ strategies competitor and finally achieving higher sales and maximizing profits (Fournier & Yao, 1997).

Global strategy (Expansion)

Environmental structure such as political and economy integration (i.e. AFTA), it is the main catalyst of diffusion of international brands over the boundaries of nations. Furthermore, the existence global and regional media provide an effective medium and economy. It is used as a platform that gives opportunity to local companies to advertise their products in international arena (deMooji, 1997). Consumers’ mobility also becomes a factor for the need of international brands. The frequency of consumers’ movement across several countries borders give them active exposure brands in various countries (Alden, Steenkamp & Batra, 1999).

International branding strategy or expansion must consider the concept of using a single brand name which give the advantage in terms cost savings, uniformity of brand identity in all the markets explored and the strengthening the value of intangible assets could be done by the entrepreneurs (McDonald & Roberts, 1990). For example, successful companies that used this concept are Kodak, McDonald and Visa. In any markets worldwide they only used one brand name as their absolute identity for their product offered to the consumers.

In exploring a new brand name, markets play a vital role. Choosing a suitable brand name for a product gives the entrepreneurs competitive edge. Suitable brand name concept must base on the sensitivity to the differences in culture and language of a particular place. For example, Japanese do not pay much attention to meaning of a particular brand but more emphasize on the sound of word used by that particular brand. Syllable such as chi, tsu and pi have the characteristics strong elements and qualities. On the other hand, gu, zu, and da suggested boredom (Robert & McDonald, 1990).

During this process the appreciation of about culture and language is very critical, taking away brand Darlie case for example. From the Malaysian perspective, its former name was Darkie, for Malays the brand name sound like the word ‘dirt’ in Malay language. Berry (1998) has proposed a set of criteria in developing good brand name, they must have the important characteristics such as uniqueness, suitable to product category, have been mentioned easily and spelt by the user which are descended from different country and the brand name could be associated with good elements. The process of name search must be done thoroughly by local entrepreneurs considering that the product acceptance depended heavily on the chosen brand name (Charmasson, 1998). The concern that must be avoided here is using brand name that does not have universal trait.

There are six steps that should be taken into consideration in the process brand name search. The steps mentioned earlier are as follows:
Objective’s selection brand

The local producers need to understand their real objectives in producing differential products from their competitors. Brand objective is depended on how the producers give idealized meaning to their brands which should be carried by their products (McNeal & Zeren, 1981).

Brand strategy selection

This process takes into account manufacturers’ strategy whether they have the ability or not to compete in the global markets which produced global brands that have competitive edge. If local entrepreneurs still do not have the ability to compete globally, they must first strengthen their position in the local markets by implementing local strategy or reinforcement.

Scrutiny criteria for brand name

Berry (1998) suggested that a brand name need to have four main criteria namely differential, relevant, and easy to be remembered and flexibility.

Generate idea brand name

In the process of providing idea to produce as many as possible brands names and brand concept is encouraged. The sources of generating can be attained from various parties that are included the marketing management, workers and also from the consumers themselves (Kohli & Thakor, 1997).

Screening idea brand name

Brand name that has no meaning, difficult to pronounced and not suitable with product differential strategy must be avoided (Keller, 1998).

Name’s selection brand

Chan and Huang (2001) suggest that brand name that was selected for a product or service must possess three important components: the name must be based upon markets, has legal component and lastly has linguistic elements. Brand name must be based upon the markets where its name reflects its real value of the product. As of legal component the brand should not break any laws whether social or business laws. While from the linguistic aspect the brand name must be easy to spell, pronounced and to be heard.

After the brand name fulfill all the characteristics mentioned above and can influence its consumers able to accept it , a strategic brand communication which is unique, attractive and effective must be carried out in order to increase the process of acceptance. Brand communication also functions as to build awareness about the existence of the brand. The best brand is depended to the ability of a company to continuously make intensive investments advertising the brand (Leventhal, 1996). Gregory (1993) has proven that investment in advertisement is important where this investment will produce higher total acceptance and awareness of the existence of the brand among its consumers. The main key success factor a particular brand in the international markets is efficient in brand management and efficient in the application of brand management, making brand communication limited to target group outside the company only. In fact, promoting “brand loyalty” should also be done within the company.
amongst its staff and management (Dibb & Simkin, 2001). McDonald's restaurants have successfully proved it is one of the successful companies in the world because of its company philosophy mould brand loyalty in all of the company internal activities (Chernatony, 1999).

**Original influence of the country image**

To expand the brand to the foreign markets, entrepreneurs must take into account the role played by the influence of original image towards the acceptance of their products by foreign consumers. It has become a habit that the process of consumers’ acceptance on a particular brand is very complicated process and usually that particular brand becomes too foreign to the consumers. This problem occurs when the consumers lack of information or do not know the particular brand. If such thing happens, the consumers will use a clue from where those particular brands come from before trying them (Cordell, 1992). Usually the image carried by a particular brand is of the image of the producer’s country (Bikey & Nes, 1982). For example, electronic products brands from Japan such as Sony are believed to have high-quality which makes it a very popular brand worldwide (Romeo & Roth, 1993).

The relationship between brands and nationality from consumers assessment aspect was studied by Nagashima (1997) based on the sign of “Made in…” and he found out that such sign did influence consumers’ perception in the early stage of buying process. Uslinier (1993) found that that consumer usually look for the image of imported brands. Comparison is generally made by the buyer by referring generally referred to the advantages of domestic brands or national product image when it is compared with global brands. In addition, elements such image of manufacturers’ country, the method use to disperse brand image and the “made in…” sign manufacturer, method used to spread brand image and sign “Country's artificial..” also has an impact on the consumers’ perception on the image carried by a particular product.

Figure 2 below explained that the new image of a particular brand in a foreign markets influence is influenced by factors such as country image, country of origin image, role, media, product features, and buyers’ experience (Niss, 1995):
Mohd Yasin et. al. (2007) and Niss (1995) found out that the influence of the country of origin image on brands was high, if, the consumers do not know the company that manufactured that particular brand. In this context, no detailed information over which company that produced that particular brand making the consumers taking the easy way out by making an assessment the origin of the product before trying that particular brand.

This factor gives a clear picture to marketers that by establishing favorable image of country of origin are a success factor in expansion or global strategy. Schaefer (1997) in his study do agreed with this step. He firmly stated that the efforts to reach a new consumers’ segment, consumer, marketer must be sure what type of image of country is carried that particular brand.

**CONCLUSION**

Strategic brand management is one of the factors that contribute to the success of a particular product or brand. The scenario in this country shows that product branding is going to be more important especially after realizing that globalization has an impact on the economy of this country. Furthermore, the numbers of local brands that have succeeded in the international arena are still very low. Based on this factor, it shows that the awareness of the important of brand management among local manufacturer is not high enough. A local brand could only survive in the markets if it gets the trust and loyalty from local customers themselves. It seems that many campaigns were created to increase the patriotic spirit among Malaysian consumers toward local products such as "Cintai Barangan Malaysia (Love Malaysian Goods) " and “Belilah Barangan Buatan Malaysia (Buy Made in Malaysian Goods)” campaigns. These campaigns were organized aggressively, however, this promotion still not enough to persuade the customer to purchase. This problem caused by the brand itself which is fail to display image, value and
confidence to local customers. Brands that already succeed in the domestic markets should be encouraged to enter outside markets that are larger by straighten up their branding strategy. Selecting suitable and good brand name is one of key success factors for a company to penetrate foreign markets. Without brand communication, buyer would not be aware the existent of a particular brand. This process is very important for a local company which wants to compete at the global markets. In foreign markets also, usually buyers will focuses on country of origin. Therefore, it is necessary for local entrepreneurs to assess what type of image to carry by their products in order to attract consumers from various countries to buy their products.

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