The case for migrating to one global brand

Ruth Saunders, Galleon Blue, explains how to assess whether local brands in different markets worldwide would be better merged into a single global identity

MAKING THE CASE to migrate to one global brand can be tough. It's likely to cost a lot of money that will probably not deliver an immediate payback, and few consumers will endorse the move in market research.

Take the case of rebranding large international banks Paine Webber and SG Warburg to UBS between 2000 and 2003. While UBS was a large, respected bank in its European heartland, its top-of-mind awareness was relatively low among international customers – particularly among corporate clients, wealthy individuals and US institutions. Conversely, Paine Webber and SG Warburg were two well-known and highly respected banking brands.

In situations like this, making the business case for change can be hard to justify. To make the UBS brand as strong as Paine Webber and SG Warburg, with all of the top-of-mind awareness, brand strength and rich imagery that they enjoy, will take considerable money, resources and time – for no immediate or tangible reward. Similarly, customers will be mystified as to why a strong brand such as SG Warburg would replace its name with one they have never heard of. Yet, the need for more global synergies, the increase in M&A activity and the growth in brand asset value is making many C-suites seriously consider the move to one brand.

Why should a company consider moving to one global brand? In a world of increasing globalisation, firms appear to be using brands to create growth in one of two ways – by being very locally tailored to meet distinct local needs, or by being globally aligned to maximise global synergies.

Model 1: more local focus

Some companies create growth by retaining a portfolio of bespoke local brands that resonate strongly with local customers – brands that are counter to the globalisation trend by being truly flexible to local needs.

Take Royal Sun Alliance (RSA) and RBS, whose global brand portfolios mostly consist of locally based brands. RSA uses its global brands in some parts of the world, but deploys local brands, such as Codan, Trygg Hansa and Balta in Scandinavia and eastern Europe, and niche direct brands, such as More Than and Aktsam, to maximise local resonance.

FIGURE 1

Local brand strengths

A portfolio of local brands generates value in five ways

Local brands Retaining well-known, much loved local brands that appeal locally

Local advertising Using locally resonant advertising to create cut-through

Segment expertise Using segment-specific brands to build credibility in areas where the parent brand is weak

Local talent Attracting and retaining people who want to work autonomously in a more entrepreneurial way

Flexibility Dialling brands up or down according to market trends

Source for all charts: Galleon Blue

FIGURE 2

Global brand advantages

Moving to one global brand generates value in five ways, particularly when combined with back office synergies

Effective marketing Only one brand to support – with one global positioning being seen around the world

Strong synergies More collaboration, more sharing of best practice, a more consistent customer experience

Strong innovation Focused innovation resources, aligned around one brand positioning, creating more breakthrough products and services

Global talent Attracting people who want to work for a great global brand

Strong City story A more single-minded global business vision, with one global brand acting as a 'synergy' signal to the market

Strong portfolios of local brands create value in five ways (Figure 1). Typically, companies should consider staying 'locally focused' if they have a broad portfolio of local brands, all of which stand for something different (a different product, sold to a different customer segment, with a different positioning) and have multiple brands in each major market that they can dial up or down.

RBS targets the UK insurance market with different brands – Privilege, Churchill and Direct Line – aimed at different customer segments, with local advertising, making it hard for more global brands to penetrate this market.

Model 2: global alignment

Some companies create growth by moving to one brand worldwide that shares the same name, brand positioning, customer target and innovation across countries. HSBC, UBS and Aviva have migrated their major incumbent brands to one brand worldwide, resulting in all markets occupying a similar brand positioning to attract a similar set of customers with a similar product set.

Companies that move to one global brand typically create value in five ways, with the greatest growth realised when combined with back-office integration (Figure 2). These organisations typically have local brands in different geographies that attract a similar set of customers, with a similar set of products, at a similar price point. Norwich Union in the UK targeted similar customers with similar products as its sister companies, Hibernian in Ireland and Aviva in 23 other international markets, making the move to one global brand (Aviva) possible. Similarly, brands that are bought when people travel (such as McDonald's and Mars) have even more incentive to move to one global brand.

How should a company assess whether moving to one global brand makes sense? At times, there are show-stoppers that make it unattractive for a company to migrate to one brand worldwide. Before making the move, it's important to assess whether moving to one global brand will add real value by assessing the upsides and downsides of change. It's necessary to review a number of factors, such as:

- Their global brand portfolio – are their brands attracting similar customer segments with similar needs, using similar products and services?

Ruth Saunders is a joint founder and leading partner of the London office of Galleon Blue, which merges commercial thinking with branding to help companies maximise the value and return of their brands.
rsaunders@galleonblue.com

- Whether there is a high risk of customer or employee defection due to brands having incompatible images. For example, many boys who used Biactol skincare products defected when the brand was merged into the more female Clearasil brand
- The likely incremental value of moving to one global brand, either through lower costs, such as marketing synergies, or greater revenue from greater best practice sharing or shared innovation
- The ability of the company to ensure a successful brand migration by investing adequate spend and resources.

So, if you're moving to one brand, how do you migrate successfully? Brand migrations that are well executed tend to create growth – as companies use the high spend used to rebrand the company as a way to encourage people to reappraise the brand, by offering something new to the marketplace. Conversely, poor brand migrations tend to haemorrhage sales, mostly due to customer confusion, poor customer service during the migration, a weak product offer or a lack of brand credibility in new categories that the brand is stretching into.

Successful brand migrations take the time and money to ensure that the parent brand is in no way compromised, by ensuring that employees don't lose focus, momentum or motivation during the name change, that customers are not confused or disenfranchised due to the move, and that partners (such as retailers and intermediaries) recommend the new brand as much as the old one. To do this, they adhere to six brand migration golden rules (Figure 3).

How do you decide what to migrate to? If the company is migrating to one global brand, it needs to decide exactly what it's migrating to. First, what should the new brand name be – an existing one, a hybrid of the merged brands, or a completely new one? When Norwich Union and CGU merged, they migrated everything to the existing Norwich Union brand name because it had the stronger heritage. When Lloyds and TSB merged, they created a new hybrid name – Lloyds TSB – helping to ensure both customer groups were comfortable with the merger. Conversely, to signal change but minimise risk, when HSBC took over Midland Bank, it retained the Midland Bank name but replaced its logo with the HSBC lozenge. It migrated fully from the Midland Bank name to HSBC two years later.

FIGURE 3

Six migration golden rules

1. The customer experience is seamless prior to migrating, so customers recognise their brand and enjoy good customer service in any branch or call centre
2. The incremental communication spend is used not only to rebrand but also to launch new products and services that encourage people to buy
3. Adequate time is taken to include each stakeholder group (eg employees and customers) with a series of phased communications to outline what's in it for them
4. Customer confusion is minimised by taking adequate time and spend to build awareness of the new brand
5. Any name change and service disruption is avoided during key sales periods
6. Major business issues are fixed pre-migration so that bad news is managed under the old brand and issues are 'fixed' before spending money 'frivolously' on a name change

Second, what should the global brand positioning be? Moving to one brand positioning creates the global synergies needed to drive business value (for example, by creating one global innovation team, encouraging more best practice sharing and using more global marketing that all countries can benefit from). But trying to find a big idea that is generic enough to be able to work across multiple geographies and products, yet also compelling enough to stand out versus local competitors, can be tough. To resolve this, companies should look externally at up-and-coming global consumer trends, as well as internally at what makes them different from competitors, to find an ownable and distinctive positioning that they can deliver day-to-day.

Finally, what should the global brand governance model be to create the optimal balance of global and local decision-making and input? Some companies, such as HSBC and UBS, take a more centralised brand governance approach, valuing a similar look and feel across markets and more global best-practice sharing. Others, such as Aviva and RBS, allow more local control, enabling countries to adapt a global template to the specific needs of their local markets.

Future growth

To understand whether it's right for your company to migrate to one brand, it's critical to assess where your future growth is most likely to come from. For example, can you create more growth by being more locally tailored and relevant? Do you have a broad brand portfolio with a range of more locally tailored, discrete brands that can be flexed to address local market issues?

Are there any show-stoppers that would make it unattractive to merge brands together? If so, then being increasingly locally tailored to counter the downsides of globalisation probably makes most sense.

If not, could moving to one global brand create internal efficiencies and/or synergies that will outweigh the shorter-term migration costs? Will employees, customers and partners support the name change? Is the company able to invest adequate resources and spend to ensure it's a success? If so, maybe moving to one global brand is timely.

Whatever the case, the cost and business risk of migrating brands make this a decision not to be taken lightly. Companies need to determine whether: their customers are looking for similar products and services across the globe; their brands are similar enough to be merged successfully; there is enough commercial upside to warrant the time and cost; and there is cross-functional appetite at the senior level to make this a success.

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