

The challenges of international branding

Paul Hoang looks at the difficulties of launching new brands in international markets and examines the ups and downs of the airline industry

Branding is an important AS topic. *BUSINESS REVIEW* has already shown how hard it is to launch new brands (see Vol. 18, No. 3, pp. 19–21) and a forthcoming article will look at how branding is a key part of the marketing mix (see Vol. 18, No. 4, pp. 16–19).

Taking this topic one step further, the complications are intensified when launching new brands in international markets. Not all brands will succeed overseas due to differences in language, culture, etiquette and social norms (Box 1).

International marketing is more likely to succeed if managers are aware of differing business etiquette. Many multinationals are trying to tap into the Indian and Chinese markets. It is important for any business with an international outlook not to underestimate the importance of business etiquette in these countries (Box 2). After all, marketing campaigns that work well



Companies need to be aware of local customs when launching their brands in overseas markets

Box 1 A case for rebranding?

- 100% Discount Store — Taiwanese supermarket
- Fartfull — IKEA branded desk
- Pee Cola — Ghanaian cola drink
- Wanko — Hong Kong women's clothing store
- Big Nuts — chocolate bar from Côte D'Or
- Bimbo Sandwich — bread from France

Box 2 Chinese customs

- Even numbers are preferred over odd numbers, as this relates to harmony.
- Four is the unluckiest number in Chinese culture, as the pronunciation 'sai' sounds similar to 'death'.
- Eight is the luckiest number in Chinese culture, as it resembles good fortune.
- Cutting equipment (such as scissors and knives) signifies the irrevocable end to a relationship.
- White is the colour associated with death. Red (luck) and gold (prosperity) are the preferred colours in Chinese culture.



in some countries will not necessarily work in overseas markets. Hence, local knowledge can be crucial in making or breaking international business deals.

Question

- 1 How do we judge whether an international marketing campaign is successful?
- 2 To what extent should multinational corporations invest time and money into understanding the distinctive cultures, history and systems of doing business in international markets?
- 3 Which UK marketing campaigns wouldn't work in China due to the customs outlined in Box 2?

Weblink to follow up

This UK Trade & Investment video looks at how to do business in China and Hong Kong:

www.tinyurl.com/7gvb8lu

Up in the air

Airlines have been dominating the business pages in recent months, mostly due to their attempts to deal with the economic downturn. The parent company of American Airlines announced cost-cutting plans that involve shedding 13,000 jobs (around 15% of its workforce), including maintenance staff, flight attendants, pilots and management.

Another airline facing difficult times is Qantas, Australia's flagship carrier (see the December e-review, available at *BusinessReviewOnline*). It has announced closures to some international routes and will cut almost 500 jobs after its profits declined by 83% following industrial disputes and rising fuel costs. The rise in fuel costs also led to Malaysian budget airline AirAsia, the largest Asian no-frills airline, reporting a 56% fall in fourth-quarter profits.

Air Australia, only in operation for 3 months, cancelled all services in February, leaving thousands of passengers stranded. The airline announced there were no funds available to meet operating expenses,



Airlines have been hit hard by the economic downturn

including wages for its 300 employees. India's '5-star' airline Kingfisher continues to fight against bankruptcy, and its executives are desperately trying to secure rescue funds from bankers, knowing that a government bailout is not feasible.

However, it isn't all doom and gloom in the industry. The British Airport Authority announced that in 2011 a record 69.4 million passengers flew out of Heathrow Airport, the world's third busiest airport. Hong Kong's Dragonair announced expansion plans and that all its aircraft would have wi-fi by 2014.

Question

- 1 Examine the factors that have caused the slowdown in the airline industry.
- 2 Consider the various strategies that airlines might use to gain a competitive advantage in such a highly competitive industry.

Weblink to follow up

This *BBC News* video chronicles the collapse of Air Australia: www.tinyurl.com/86lvjz

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