Managing Brand Relationships: Should Board-Rooms Listen to Consumers Choices?

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China and India are the fastest-growing major markets (Johnson and Tellis, 2008) in the world and the most popular markets for foreign entrants. The main purpose of this study is to provide a fresh perspective on global brand relationships, and how growing multi-ethnic make-up of board-rooms impact strategic decision making. It is also intended to provide a detailed framing of the present conceptual studies in this realm as well as Chief Executive Officers (CEO’s) innovative positioning on customer choices and therefore provides a base for future research. The study also discusses the reasons for and implications of these findings.

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EXTENDED ABSTRACT

China and India are the fastest growing major markets in the world and the most popular markets for foreign entrants. Yet no study has examined the success or failure of these entries from customer choice perspective. Using a new definition of success and a uniquely compiled archival database, Burnett, and Hutton (2007) analyzed whether and why firms that entered China and India succeeded or failed. In such emerging markets Chief executive officers (CEOs) have a positive, direct, and long-term impact on how firms develop, and deploy new global brand relationship strategies over time.

For the past two decades the existence of relationships between Indian and Chinese consumers and global brands has aroused much interest among scientists in the consumer behaviour literature. While the personification of brands has widely been investigated and several studies have demonstrated that consumers tend to attribute human characteristics to brands (e.g., Aaker 2004), still little research has been carried out on the issue of relationships between consumers and global brands. Therefore and in order to provide a basis for further research in this domain, this study reviews the existing conceptually drawn works about managing Indian and Chinese consumer-brand relationships and board-rooms impact in making decisions.

In addition, board-rooms may be so wedded to existing brand relationship strategies that they resist or actively fight new ones. Perhaps a more charitable view of the impact of board-rooms on global brands is that they are simply not very relevant in driving innovation in the firm. For example, some authors argue that, in general, the locus of innovation lies in the middle of the firm in the actions taken and procedures used by its middle managers (e.g., Burgelman 1994; Christensen 1997). Even at Intel, led by such technology luminaries as Andy Grove and Gordon Moore, middle managers appear to have played the crucial role in driving technological change at important transition points.

The interest in consumers and their behaviour towards consumption objects emerged with the article by Shimp and Madden (1988) that drew upon Sternberg’s theory of love from their mistakes would be helpful. Second, more precise measures of Indian and Chinese culture are in order. Third, the evolution of a firm’s fortunes over time could lead to greater insights into how the firm adjusts its strategies to exploit the opportunities presented by emerging markets in India and China.

Perhaps the most surprising finding is that success is substantially and significantly lower in India than China. This research has some important implications for entry into emerging markets. First, firms should consider not only the growth of emerging markets but also the success rates of prior entrants. Second, the progressive opening of the economies of China and India does not mean that firms should wait to enter when entry gets easier. The most important findings are rather counter-intuitive: smaller firms are more successful than larger firms and greater openness of the emerging market have lower success. Other findings are that success is higher with earlier entry, greater control of entry mode, and shorter cultural and economic distance between the home and host nations. Importantly, with or without control for these drivers, success in India is lower than that in China.

The study has several limitations that could benefit from further research. First, research on whether and which firms learn from their mistakes would be helpful. Second, more precise measures of Indian and Chinese culture are in order. Third, the relationship type of a consumer were derived from Clark and Mills framework (1993) or from Rusbult (1980). Finally, the analyses of antecedents (brand personality, brand attitude) and effects (brand loyalty, brand evaluation) of global consumer brand relationships were identical and its strategic importance for managers was demonstrated.

In this respect, the present article contributes to the insight into the current Indian and Chinese consumer brand relationships realm. In order to encourage future research, this study suggests adopting the relationship metaphor utilized in the board-room context wherein it was proved of value. Relying on this relationship understanding is justified by the fact that global consumer brand relationships and board-room relations have in common that they deal with monetary exchanges which is not the case in interpersonal relationships.

In addition, it is clarified that, beyond doubt, the brand personality is inanimate. However, with respect to the neuroscience literature (Franzen and Bouwman 2001; Gordon 2006), it is emphasized that the consumer tends to build a mental relationship with a brand. Furthermore, it is argued that this mental relationship can be established and maintained through interactive marketing activities. Furthermore, the overview of existing works revealed the need to identify effects that could moderate global consumer brand relationships. Subsequent examinations should take consumer’s characteristics into account which dominate its attitude and behaviour in exchanges which are characterized by past experiences and future anticipations.

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