Tjaša Živko, B.Sc.

Young Researcher

Faculty of Economics and Business Maribor, University of Maribor, Slovenia

e-mail: tjasa.zivko@uni-mb.si

BUILDING GLOBAL BRANDS – CASE STUDY UNILEVER ICE CREAM

Abstract

Main trend of globalisation goes towards melting the countries into a global village. This process is followed by an increasing number of global brands. Thereby global companies are looking for means of survival in this highly competitive, turbulent environment.

This paper is divided into two parts: the first examines the importance of global brands in era of globalisation; the second part is based on a case study, which takes a close look at creation of global brand in global company Unilever, specifically ice cream products. It shows a possibility, where a new strong roof brand is created, without terminating already established, strong local brands (this process can be theoretically described as a pillar model).

Key words: global brand, company, pillar model, brand classification

1 IMPORTANCE OF GLOBAL BRANDS IN ERA OF GLOBALISATION

Globalisation, information super highway, technical revolution, information society and cultural differences are some of the key terms of the new Millennium. Multinationals or better said global companies' success factors are getting more complex, interdisciplinary and are subjected to constant changes due to highly competitive and turbulent environment (Živko 2001, 158).

The process of globalisation is forcing new ways of conducting business (internationally as well as locally). Theodore Levitt published an

article in 1983 "Globalisation of markets" in Harvard Business Review. He stated that local and national markets will with time become homogenous, which means that buyers on these markets will in the same time unify their needs. Socio-economic development towards global unification of transport, telecommunication, direct foreign investment and international trade is contributing to convergence of buyers needs worldwide. We can speak of four Levitt's theses: (i) convergence, (ii) standardisation, (iii) centralisation and (iv) cost and price advantages (Goetze et al. 1999, 9 and Hoecklin 1995, 95).

Global companies, which produce standardised products and are therefore using the advantages of economy of scale, are the most lucrative. This doctrine is supporting the development of global brands such as McDonald's, Coca Cola, Sony, Ikea, Levis... Globalisation of this kind is presuming increased connection among national and regional markets (Stonehouse and Fraser 1999).

Marketing across cultures is a complex process of balancing resources and effectiveness between building product strength and identity on the one hand and increasing geographical coverage on the other. Rather than simply considering language and behavioral differences, global companies try to understand the meanings that consumers in different cultures give to products, brands and behaviors (Hoecklin 1995, 92).

The importance of global brands in this turbulent business environment is increasing. When creating new brands, we speak of the "KISS" principle (Keep It Short and Simple). Brand name has to be distinctive, refer directly to the product (connected with it) and it should not awaken negative associations. Brand label, which is unpronounceable, should follow the principle of simplicity, unity and contrast.

# 2   CASE STUDY – UNILEVER ICE CREAM BRANDS

2.1   About Unilever

Unilever was formed in 1930 when the Dutch margarine company Margarine Unie merged with British soap maker Lever Brothers. Both companies were competing for the same raw materials, both were involved in large-scale marketing of household products and both used similar distribution channels. Both companies had operations in over 40 countries. In the Thirties, Unilever introduced improved technology to the business. The business grew and new ventures were launched in Latin America. The entrepreneurial spirit of the founders, their caring approach to their employees and their communities remain at the heart of Unilever's business today (Unilever 2001e).

The Unilever Group has two parent companies: Unilever NV and Unilever PLC. Although these companies are separate legal entities, with separate stock exchange listings, in practice, Unilever operates as a single business with a single management team – the Executive Committee of the

Board, headed by the Group's joint chairmen. The Executive Committee is responsible for setting global strategy for overall business performance.

Figure 1

Unilever's product groups (1997)
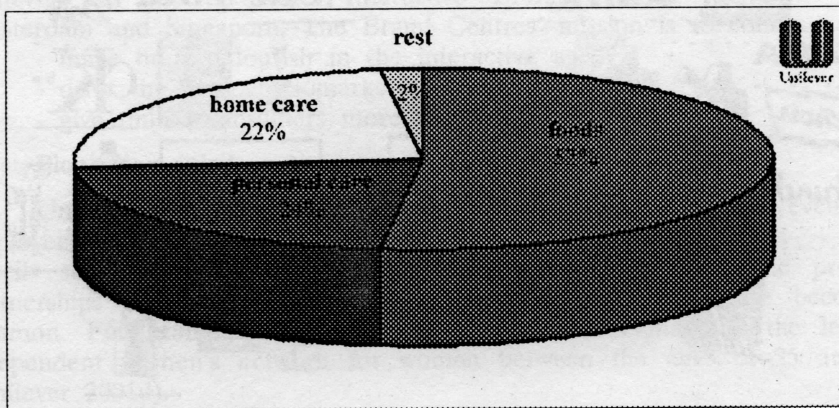
*Source: Kossuth-Wolkenstein (2000, 24).*

Their products can be found everywhere: from the emerging markets of Asia and Latin America to the developed economies of Western Europe and North America. They describe themselves as a multi-local multinational. Their business is based on two global divisions: Unilever Bestfoods and Home and Personal Care (Figure 1). Both divisions have an executive board, responsible for divisional strategy and for implementation across the world.

Unilever's worldwide turnover in 2000 was more than _ 47.5 billion. In the same year they employed more than 295,000 people, with 90% of managers locally recruited and trained. Their Home, Personal Care and Foods products are sold in 150 countries, famous brands include Dove, Knorr, Lipton, Hellmann's, Magnum, Omo and Cif (picture 1). Every day 150 million people choose these brands to feed their families and to clean their homes. Unilever invested around _ 1.2 billion in technology and innovation in 2000 - about 2.5% of the companies turnover. They spent _ 6.5 billion[1] in 2000 on marketing their brands - 13.8% of the companies turnover (Unilever 2001b).

---

1   For comparison: they spend for brand marketing around 28% of BDP of Slovenia (year 2000 prices).

Picture 1

A few Unilever brands
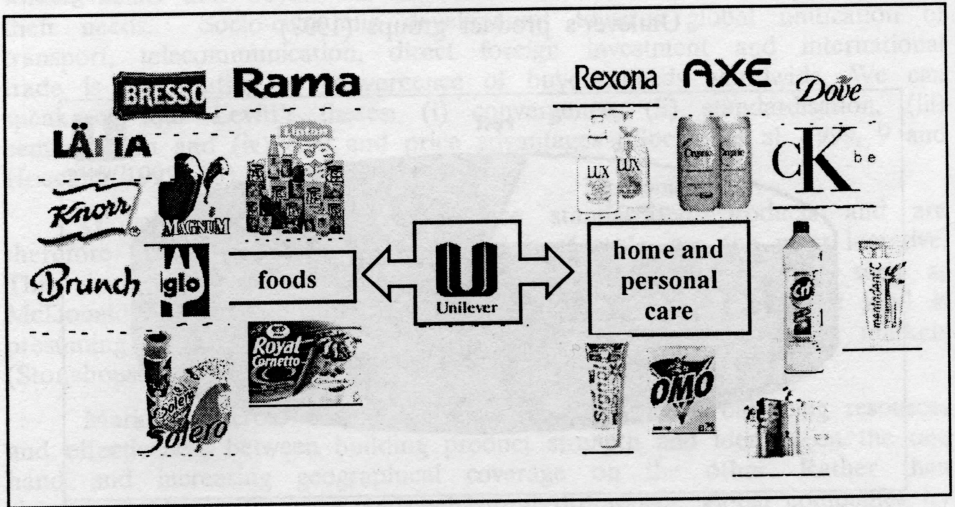
2.2 Strategy

Unilever's strategy is to focus research and development and marketing on their leading brands, that is, those that are most in demand from consumers. Through their extensive knowledge of trends identified today, they will continue to develop their brands to meet the needs of their consumers tomorrow (Unilever 2001a).

2.3 Global advertising

Unilever has more than 100 years of accumulated knowledge in brad communication and they invest over EUR 3,3 billion in advertising campaigns every year. There is no magic formula that will enable brands to win the hearts and minds of consumers. Each advertising campaign is unique.

Television is still the primary medium for advertising their brands and print also forms a crucial part of the communication strategy. The huge growth area in digital television and the Internet is providing many opportunities for one-to-one, highly targeted advertising.

2.4 Interactive Internet Advertising

Internet is set to rival television as the mass media of tomorrow. Unilever is embracing interactive technology, and already has over one

hundred brands online. By interacting with visitors to brand web sites, they are able to learn more about our consumers[2].

Interactive Brand Centres

An estimated _ 433 billion will be transacted online by 2003. Unilever has set up three Interactive Brand Centres[3] in New York, Amsterdam and Singapore. The Brand Centres' mission is to continue to:
- make brands flourish in the interactive age,
- drive the company's marketing learning and
- give online consumers more choices.

Pioneering spirit

Unilever is using Ariba's B2B e-commerce platform so that eventually employees will be able to buy all their supplies electronically - from pencils to motor pumps - creating economies of scale in the process. Partnerships with Internet companies for specific purposes are becoming common. For example, The Womens Network on iVillage is the leading independent women's network for women between the ages of 25 and 54 (Unilever 2001d).

2.5   ICE CREAM BRANDS

As we noticed earlier in this article, foods are the most important product group to Unilever. In recent years due to mergers and acquisitions, more and more different ice cream brands found themselves under Unilever. They were all well known in their country of origin (e.g. Miko in France, Eskimo in Austria, Langnese in Germany...) and the consumers did not know, that they are Unilever's products. Ice cream segment is very important because of the profitability and consumption (see Figure 2).

Brand experts in Unilever decided to unify the brand sign. Their decision was based on the following reasons (Kossuth-Wolkenstein 2000, 121-126):

---

2   Mentadent web site, 125,000 people requested samples of Mentadent toothpaste following an internet marketing campaign. More than two-thirds gave permission to contact them in the future. Information gathered from this process is helpful for further development of the Mentadent brand to suit consumer needs and aspirations.

3   The New York center coordinated a high-profile interactive project in America during the annual Oscars presentation ceremony. Unilever's Salon Selectives brand sponsored part of the hair and beauty section of the AOL Oscars night web site. Tens of thousands of people logged on and chose to register their details in a bid to win a Hollywood-style beauty makeover. This is a prime example of how the company is using Internet technology to get closer to their consumers.

- necessity for strong European brands,
- usage of uniform communication,
- worldwide sponsorship,
- increasing consumer mobility,
- fast growing competition environment,
- changing consumer behavior and
- economies of scale as a side effect.

Figure 2

Ice cream consumption in selected countries (1999)
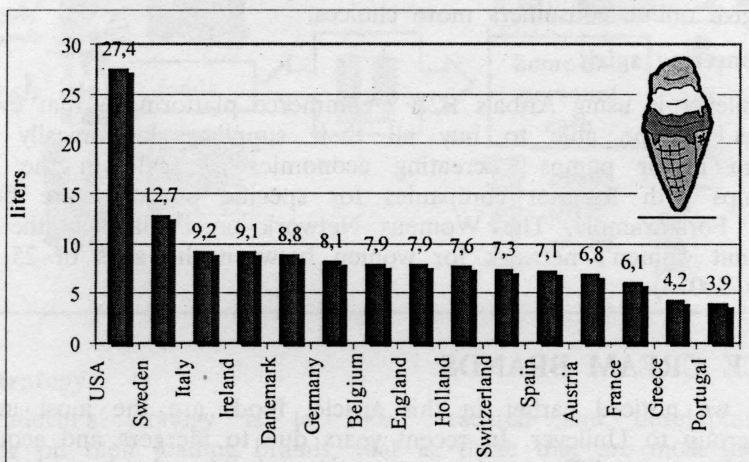
Source: Unilever United States (2001) and Miko (1999).

Strong European brand

Unilever wanted to build a strong brand in Europe, which would be represented by a roof brand – so called pillar model (Picture 2). As mentioned earlier was the problem in different optical appearance of ice cream brands in their countries of origin (Picture 3). Unilever wanted to uniform the roof brand from three points of view: consumer perception aspect, brand values and their position on the ice cream market. They had to create an optimal roof brand and all of existing ones (family brands) successfully integrate into the hierarchy and position them accordingly.

Communication

Internationalization of communication (TV, Internet, mass media) is of great significance due to disappearance of national boundaries. In the case of international products like Magnum, Cornetto and Solero different labels are inappropriate because they make successful communication outside national border difficult. It is important that the brand has a uniform identifiable and recognizable brand sign. Brand name, which is still specific to each country, is of no key importance on a long run. All of Unilever's ice cream companies have unified their marketing approach, they

even unified price charts, which are different only in the local brands segment (Picture 4). Wherever the consumer is on the globe, he needs/wishes to find something homelike and familiar. This is the positive effect of a global brand.

Picture 2

Pillar model for brands
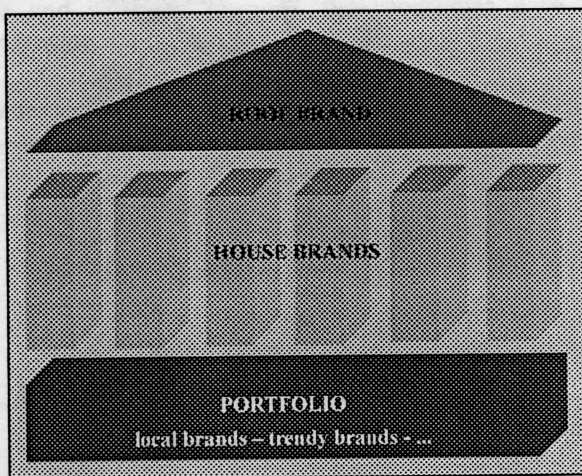
Source: Kossut-Wolkenstein (2000, 50).

Sponsorship

Sponsors like McDonald's, Coca Cola, Nutella et al. can be found on each big event due to a very simple reason – they have the worldwide logo. When sponsoring international events (Olympic games, world championships, Expo) only recognizable brands are significant and useful.

Consumer mobility

In the recent years traveling to different destinations around the world has become a daily routine. Due to high consumer mobility it is necessary and wise to have a uniform brand, which can be found and recognized everywhere.

Competition

Unilever ice cream competitors are not merely other ice cream producers, but also parallel companies, which produce beverages, all sorts of chocolate products... One reason more for building a uniform brand for customers' identification and orientation purposes.

Picture 3

Step toward unified brands
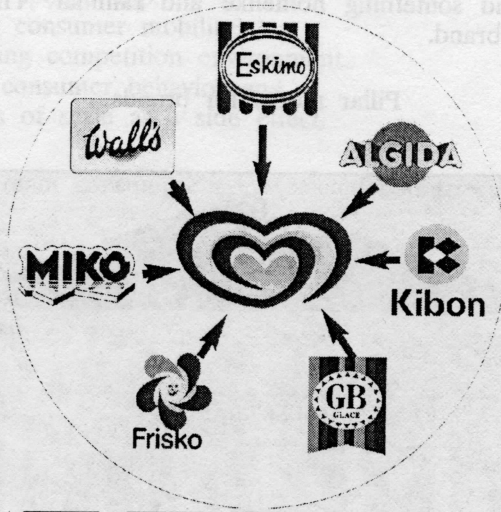
Source: Kossuth-Wolkenstein (2000, 122).

Picture 4

POS marketing in Denmark, Sweden, Finland and Portugal

Remark: POS = point of sale
Source of information: Frisko (2001) and Olá (2002).

Changed consumer behavior

In the past ice cream was associated with summer, sun and pleasure in certain special circumstances, especially on vacations and in spare time. Usually it was sold on the beach, by the pools and on hot days on the street. These perceptions are learned, what the designers of the brand sign took into consideration. Consumer behavior when buying ice cream has changed – it has became a planned purchase, which is now bought in larger quantities and with the purpose, that consumer have it on stock to use at special occasion.
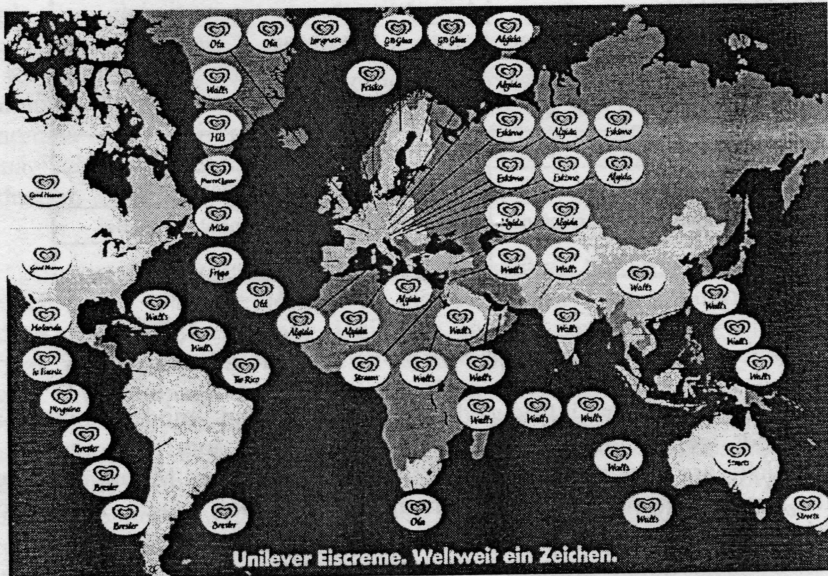
Picture 5

Some ice cream trade names in different countries

Algida	Frisko	GB Glace	Good Humor	Pierrot Lusso
Greece	Denmark	Sweden Finland	USA	Switzerland

Source: Unilever (2001).

Picture 6

Unilever ice cream worldwide

Source: Kossuth-Wolkenstein (2000, 33).

Advantages on the production side

When having a uniform brand, which is produced worldwide, cost of the production fall due to economies of scale.

These were some of the reasons Unilever decided to change brand strategy. The uniform brand sign, which is represented by a yellow-red heart, has been introduced in 1998. Local brand names are unchanged for the time being – Good Humor in USA, Miko in France, Eskimo in Austria, Algida in Italy and Greece... (see Picture 5 and Picture 6).

2.5.1 Brand classification

All-embracing globalisation process and unification of European countries lead to creation of global and European brands. Uniform European brands will probably gain on the importance in the coming years, on the other hand the meaning of local brands will decrease. At the same time the global brands will be most important.

Unilever's ice cream brand can be classified as product, producer, individual, product group, international, global... brand (Table 1).

Table 1

Ice cream brand classification

product		service			
producer		commercial			
individual		collective/group			
own	foreign		licence		
single	product group / range / family		global		
A / first / basic	B / second		C / third		
business		imaginative			
verbal	sign	picture-verbal		letter / number	
local	regional	overregional	national	international	global
roof		sub-brand			

Source: Kossuth-Wolkenstein (2000, 17).

In 1998 Unilever introduced the pillar brand model. Local and trendy brands represent the foundation (here also local jewels can be found, which are traditional), family brands such as Magnum, Solero, Cornetto... represent pillars and on them lies the roof, where the uniform brand sign is (picture 7).

Picture 7

Unilever ice cream brands – pillar model
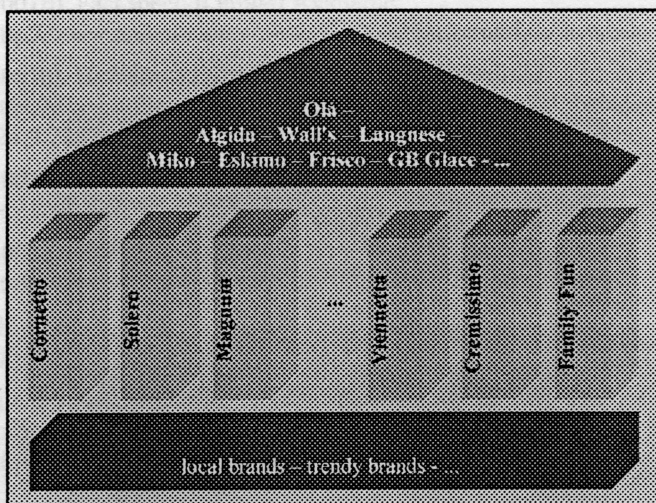
Source: Kossuth-Wolkenstein (2000, 50).

3   CONCLUSION

The term globalisation has been heard in recent years many times, people use globalisation process as general global cause. In these year we have been witnessing a progress in telecommunication technologies, means of advertising and advertising media. The fall of iron curtain and the communist system and opening of decades, if not hundreds years closed economies have given enterprises, multinationals and global companies unimaginable possibilities. Biggest profits can be achieved by enlarging of production capacities, in order to satisfy the needs of new million markets.

Important strategic tool in this competitive battle is branding. In our research paper we have looked at the development of a uniform ice cream brad of the global company Unilever. In the past decades it has bought, merged with many big and small companies, which were in their product range. The company has found itself in a position with many different, strong and well-known local or national ice cream brands. Due to many reasons (building a strong European brand, worldwide sponsorship problems, usage of uniform communication, increasing consumer mobility, changing consumer behavior...) Unilever has decided to build a global brand. Because of already established and recognizable national brands, company's experts came up with the idea to create a uniform brand label.

This business move has presented itself as being highly successful and efficient. The company has as well foreseen that the local brand names will be omitted in time, what will result in a new global brand (Picture 8).

Picture 8

Unilever's global ice cream brand
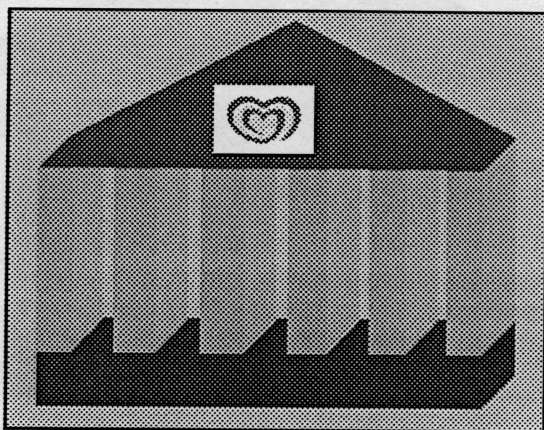
Creation of global brands is in correlation with local market characteristics, and cultural differences. Global brands are culture free, communicating the same brand image across cultures. The continuing globalisation process will also result in new global companies and brands. But the question of further existence of local and national brands remains open.

REFERENCES

Frisko. (2001). Historien om Frisco. [Online] Available:
    http://www.frisko.dk/historie/01.htm [24.2.2002].

Goetze, Sinkovics, Stoettinger. 1999. Internationales Marketing (Foliensatz).
Dunaj: Wirtschaftsuniversitaet Wien.

Hoecklin, Lisa. 1995. Managing Cultural Difference: Strategies for Competitive
Advantage. Wokingham: Addison Wesley.

Kossuth-Wolkenstein, Catarina. 2000. Die Marke Eskimo: Eine
    Erfolgsgeschichte. Dunaj: Signum.

Olá. (2002). Escolme aqui a teu gelado. [Online] Available:
    http://www.ola.pt/site/pages/info_produtos_rua.s.asp?color=ff9900 [24.2.2002].

Stonehouse, G. in Fraser, W. (1999). Globalisation – the limits of convergence.
    [Online] Available: http://www.cfin.ru/press/management/1999-6/01.shtml
    [9.2.2002].

Unilever. (2001a). About Unilever. [Online] Available:
   http://www.unilever.com/investorcentre/aboutunilever [24.2.2002].

Unilever. (2001b). Fact sheet. [Online] Available:
   http://www.unilever.com/news/corporateinformation/factsheet [24.2.2002].

Unilever. (2001c). Global advertising. [Online] Available:
   http://www.unilever.com/brands/advertisingawards/globaladvertising/
   [24.2.2002].

Unilever. (2001d). Interactive. [Online] Available:
   http://www.unilever.com/brands/advertisingawards/interactive/ [24.2.2002].

Unilever. (2001e). Our history. [Online] Available:
   http://www.unilever.com/company/ourhistory/ [24.2.2002].

MIKO. (1999). Le marché de la glace en 1999. [Online] Available:
   http://www.miko.fr/informations/marcheglace.html [19.2.2002].

Unilever United States. (2001). Frequently asked questions – General ice cream
   information. [Online] Available:
   http://www.icecreamusa.com/questions_answers/index.html#g3 [19.2.2002].

Tjaša Živko, dipl.oec.
Mlađi znanstveni istraživač, Ekonomski i poslovni fakultet Sveučilišta Maribor
E-mail: tjasa.zivko@uni-mb.si

STVARANJE GLOBALNIH ZAŠTITNIH MARKI PROIZVODA – CASE STUDY "UNILEVER" SLADOLEDA

Sažetak

Najvažniji trend globalizacije obilježen je stapanjem država u globalno selo. Ovaj proces obilježava nastajanje sve većeg broja globalnih zaštitnih marki. U skladu s tim globalne kompanije iznalaze različita sredstva za preživljavanje u izrazito turbulentnom okruženju u kojem vlada oštra konkurencija.
Ovaj je rad podijeljen u dva dijela. U prvom dijelu se istražuje važnost globalnih zaštitnih marki u eri globalizacije. Drugi se dio temelji na analizi koja pobliže razmatra stvaranje globalne zaštitne marke u globalnoj kompaniji Unilever, sa posebnim osvrtom na sladoledoledarske proizvode. U analizi se ukazuje da to da lokalne marke nastaju ne ugrožavajuœi pritom renome "krovne" zaštitne marke (ovaj se proces može promatrati kao ishodišni model).

***Ključne riječi:** globalna zaštitna marka, kompanija, ishodišni model, klasifikacija zaštitne marke*

***JEL klasifikacija:** M31*