

Chapter 79

“Home Base” and the Brand Globalization Strategies of Emerging Market Multinationals

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ABSTRACT

This chapter examines the impact of the “home base” of Emerging Market Multinationals (EMMNEs) on their global branding strategy. While EMMNEs are perceived as lacking experience and competence in global branding, especially when competing in Western developed markets, they achieve non-traditional competitive advantages by leveraging knowledge and experience gained from their home base (i.e. their home country market), other institutionally similar emerging markets, and diaspora communities in foreign countries. Informed by three theoretical perspectives—dynamic capability, institutional proximity, and social embeddedness—the authors develop a conceptual model to explain these effects and illustrate their propositions with a number of case studies.

INTRODUCTION

Global branding is defined as the manner in which firms select, manage and control their brands across international markets (Chabowski, Samiee & Huit, 2013). Firms pursue a strategy of brand globalization for several reasons. These include access to new and fast growing markets, the prospect of exploiting economies of scale and scope as production is ramped up to meet the needs of new foreign markets and the percep-

tions of quality and prestige that come with being a “global” brand (Cleff, Fischer, Sepúlveda & Walter, 2010; Yu, 2003). However, despite these well documented advantages the literature on brand globalization is largely underdeveloped (Johansson, 2003; Townsend, Yeniyurt, & Talay, 2009) and what research has been conducted has largely focused on the brands of developed country multinationals (DCMNEs). To date there has been little systematic research on the brand internationalization strategies of emerging market

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multinationals (EMMNEs). This is surprising given the increasing importance of these firms in international markets and the well-documented challenges they face in establishing their own brands in the global marketplace (Deng, 2009).

Over the last several years a number of cases have been reported in the business press detailing attempts by EMMNEs to establish a global brand presence. These include Tata Motors’ high profile acquisition of the Jaguar and Land Rover brands from Ford Motor Co. for \$2.3 billion and Lenovo’s \$2 billion purchase of IBM’s PC Computer Division and the *Thinkpad* brand. Other firms such as HTC have launched their own global brands following years of serving as contract manufacturers to better known multinationals such as Apple and Nokia. Despite these and other examples there have been few systematic attempts to understand the brand globalization strategies of EMMNEs. This chapter attempts to partially fill this void in the literature by examining the impact of EMMNEs’ home environment, or home base, on their global branding strategy. It should be noted at the outset that we adopt a broad view of the term “home base”. As used here the term includes not only the

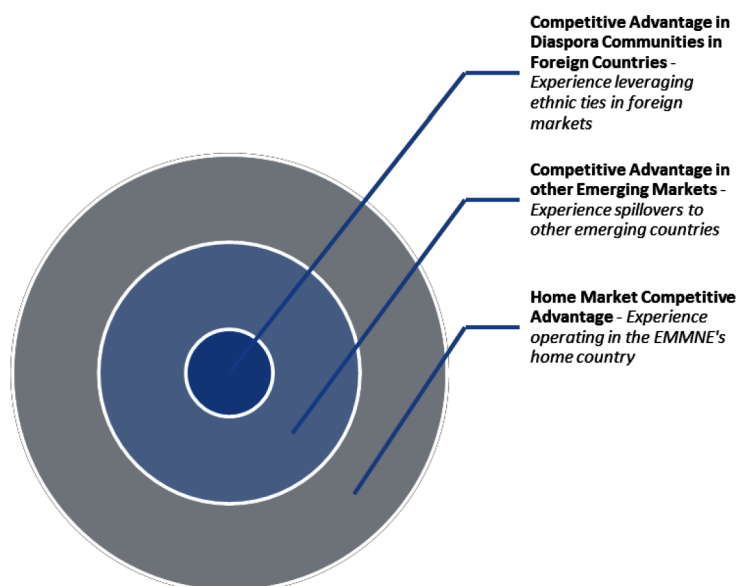
emerging market countries from which these firms originate but also other regional emerging market countries and the Diaspora in other developing and more advanced countries. We examine how these various “environments” work in unison to provide EMMNEs with a competitive advantage in achieving a global brand presence (see Figure 1). We develop a conceptual model to explain these effects and illustrate our propositions with a number of case studies.

Research Objectives

This chapter will attempt to achieve the following specific research objectives:

1. To review the characteristics of emerging market multinationals and the environmental conditions that have given rise to this new class of multinational enterprise.
2. To briefly review the literature on brand globalization and highlight the deficiencies in our current understanding of the process.

Figure 1. EMMNE home base competitive advantages



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