Chapter 20
A Framework of Brand Strategy and the "Glocalization" Approach:
The Case of Indonesia

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ABSTRACT

Indonesia is one of the stars among emerging market countries. As these markets are growing, Indonesia stands out for having a very diverse culture (i.e. ranked 6th within Asia for ethnic fractionalization and cultural diversity score). In this chapter, we develop a branding strategy framework to successfully operate in such market since a successful strategy in one country may not be applicable in another country. A brand thus needs to understand the glocal approach. Reviewing extant literature and focusing on Indonesia as the international market setting, this chapter offers several contributions: First, it identifies challenges that companies face in building a strong international brand. Second, it offers a framework of brand strategy that is prominent in order to build and/or strengthen brand in a culturally diverse market. To successfully develop a brand in such market, three important factors need attention: (1) glocalization, (2) consumer-brand relationships, and (3) societal marketing.

INTRODUCTION

It is no secret that Indonesia is considered one of the most attractive countries for investors. Indonesia is regarded as one of the favourites among the emerging market countries, known as BRICs (Brazil, Russia, India, and China) and CIVETs (Columbia, Indonesia, Vietnam, Egypt, Turkey, and South Af-

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rica). Despite a recent slowdown in its economic growth, investors continue to take notice of Indonesia, labelling it as a key emerging market to watch (Global Business Guide, 2012). In addition, according to A.T. Kearney's (2013) Global Retail Development Index (GRDI) (see Table 1), Indonesia ranks in the top 20. Based on these reasons, Indonesia is a lucrative and attractive country for investors to consider. Moreover, statistics based on the 2010 Population Census conducted by the Indonesian government indicate that Indonesia had a population of 237.6 million people (Badan Pusat Statistik, 2010) – making it one of the largest markets in the world. Similar to China, many foreign global brands would like to have a big slice of this share of consumers. However, it is not easy to enter a foreign international market. As seen in the case of China, Best Buy – the world's largest consumer electronics retailer – pulled out of China in 2011. One of the reasons was related to its brand. An analyst from the China Market Research Group said: "Not many people in China know what Best Buy is" (Bloomberg News, 2011). In Indonesia, a number of big global brands such as Wal-Mart and Harvey Nichols also failed.

The challenges of successfully operating, and in particular, creating strong brands in Indonesia are many, perhaps most strikingly due to its culturally diverse market. In conjunction with China and India, consumers in Indonesia exhibit great linguistic, religious and cultural diversity (Dawar & Chattopadhyay, 2002). For example, Islamic sharia law is practised in Aceh and Hinduism is practised on the island of Bali. Indonesia is diverse country with more than 300 ethnic groups (Tamindael, 2011); with the largest ethnic groups are Javanese and Sundanese, 45% and 15% respectively (Efferin & Hopper, 2007). Ef-

Table 1. 2013 Global retail development index

2013 rank	Country	GRDI score
1	Brazil	69.5
2	Chile	67.1
3	Uruguay	66.5
4	China	66.1
5	United Arab Emirates	63.5
6	Turkey	62.6
7	Mongolia	62.5
8	Georgia	61.4
9	Kuwait	58.4
10	Armenia	58.2
11	Kazakhstan	57.5
12	Peru	56.5
13	Malaysia	55.3
14	India	55.0
15	Sri Lanka	54.4
16	Saudi Arabia	54.2
17	Oman	53.9
18	Colombia	52.1
19	Indonesia	51.9
20	Jordan	50.9

Source: Adapted from A.T. Kearney's Global Retail Development Index™ (GRDI) 2013

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