

# LESSONS FROM WAL-MART: 5 COMMON MISTAKES WHEN BRANDS CROSS BORDERS

“You dominate in one market,  
does that help you dominate in another?”

Wal-Mart’s recent problems in Germany and [the subsequent analysis uncovers](#) some of the pitfalls that face market leaders when they choose to cross cultural borders. The common theme is that if you do not already possess an ‘iconic’ brand – Starbucks or Apple are the common examples – you must adapt to the indigenous culture. And this applies across the board from your business model, marketing strategy and product mix to choosing to follow HR practices from your home culture or local culture. While none would like to acknowledge that their brand may not be considered as iconic as Starbucks’ or Apple’s, here are 5 common mistakes companies make when structuring a global brand strategy.

## **1. Interpret, don’t translate**

Translating your message into the local language is not enough to ensure your intent will be understood or interpreted correctly. This applies to business models and HR practices, as Wal-Mart discovered in Germany recently, or your branding and marketing message, as Match.com [found when](#) they decided to go global. Their tagline “Love is complicated. Match.com is simple” didn’t communicate their intent to customers from Portugal to Peru until they instructed their copywriters to look for the the meaning

behind the words. Their intent, they discovered, was that Match.com opens a door to a myriad of possibilities. Therefore, they changed their international tagline to “Millions of possibilities. Match.com” on many of their global sites.

## **2. Value is contextual**

The quality of your implementation has always been important in maintaining a certain brand image. However, when crossing cultural boundaries, the nuances of what denotes quality become less predictable and thus extremely important to decode. Value is contextual across cultures, as [AT&T discovered when](#) they fulfilled an order to supply cables to NTT in Japan. While the cables met all the specifications laid down, the Japanese rejected them on sight because they were ugly. AT&T executives were dumbfounded – after all, how does it matter that the cables were ugly, they were intended to be buried underground anyway? The reason turned out to be that in Japanese culture, aesthetics are very closely connected to quality, and ultimately to soul. To them the ugliness of the cables implied that the product had ‘no soul’ or no quality. Similarly, Wal-Mart found in Germany that the Germans did not value the ‘smiling’ as a courtesy, but misunderstood it as flirtation. Even mundane elements such as the quality of paper used for your corporate brochure may not indicate the same level of quality as that in your home culture. Handmade paper is far more highly valued in cultures where mass production and mechanization has raised the price of handicrafts, whereas in highly populous less industrialized nations, handicrafts are the staple of the underprivileged.

## **3. Playing follow the leader**

Looking at how one foreign company has achieved success in the market you are targeting is not an indication that you should do the same. Since each industry or service has its own local conditions and customers, you cannot assume that a set of customers for a particular product or service will act the same as the one you are targeting. Nor should you assume that if a particular strategy was successful for your brand in one market, or even a region, similar to that of your target, it can be replicated as is. The smallest product and service differences can mean a great difference in a market you are not wholly familiar with as Wal-Mart’s unsuccessful attempts to replicate their winning strategy in both similar (Asda in the UK) and differing (German or Korean) cultures demonstrates.

## **4. Making Assumptions**

This point may feel redundant yet needs to be made – we often realize that there are assumptions we may be making while shaping a brand or communication strategy for a different market. Being mindful of this can often mean the difference between success and failure. There are a plethora of case studies and anecdotes that illustrate this point from choice of brand name (Nova, Pajero) to a choice of tagline. In today’s world, global brands cannot afford to work with monocultural teams; diversity of cultural and social perspective is imperative. Assumptions made in marketing communications can also lead to perceptions of arrogance and insensitivity, something that can impact your bottomline as well as reputation.

## **5. Ineffectual Leadership**

Whether it is selecting the right local partners or vendors to work with or the employee in charge of the project, the quality of the individuals can often make or break a new market entry strategy. Your brand manager may not have any exposure to the new market or its culture, or may be too inexperienced to question the agency's decisions. Remember that a large agency may have an international presence but this does not guarantee that their local offices have influence in shaping the strategy of the brand in their market. Think first about who is working on your project and review their approach – are they arrogant? are they culturally sensitive? All of these and more are highly relevant to finding the appropriate person or partner for a very different market.

And finally, don't be in a hurry to see results. While market forces may require quarterly sales figures be constantly monitored, entering a new market, particularly one very different from your own, is a matter of respect, patience and perseverance. Witness Toyota's successful application of these very qualities in the world today.

### **About Niti Bhan**

Niti Bhan is a global nomad who calls Singapore, India and the United States home. Based in San Francisco, she creates strategies for entering new markets, identifying new revenue and growth opportunities for her clients. She also is the Editor of the Core77/BusinessWeek Design Directory, whose focus is to maximize the ROI in design. Her articles have been published in BusinessWeek's Innovation and Design section, Core77, New Design Magazine, UK and FORTUNE's BusinessInnovation blog.

[www.nitibhan.com](http://www.nitibhan.com)

### **About Manuel Toscano**

Manuel Toscano focuses on design strategies for Emerging Markets, NGOs and Fortune 500 corporations. He is also the principal of Zago LLC, established in 1996, a European-influenced corporate identity firm that works closely with their clients to co-create contextual and structured brand stories. Zago has offices in New York City and Rio de Janeiro, Brazil. In addition, Manuel volunteers as the Communications Director for Emergency USA, an NGO that works directly with civilian victims in war torn countries.

Zago LLC, 394 Broadway FL. 5, NYC 10013, PH. 212 219 1060 [www.zagodesign.com](http://www.zagodesign.com)