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Glocal warming

Singapore Management University

GLOCAL WARMING

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Revolutionising legacy brands is not just about that Big Bang. Incremental changes may count for a whole lot more.

The term *glocal* has been tossed around so often these days, from business textbooks to marketing seminars that it is sometimes hard to mention without cringing or associating it with clichés. **Pradeep Pant**, the president in Asia Pacific for food behemoth, Mondelez International, sees it as one of the most misinterpreted words around.

“Most people think of *glocal* as somebody sitting in the U.S. inventing a product for everybody else in the world, and then you execute it locally,” says Pant. “That’s not glocal. That’s disaster.”

He recalls when Gillette introduced a revolutionary kind of electric shaver to the Japanese market some time back. The shaving unit came with a charging stand, which also helped clean the shaver when it was not in use. It sounded like a fantastic product, until they realised that in the homes of the average Japanese young adult male – the target market for the line – space was a luxury.

“The average Japanese flat is so small, there was no place to keep the stand,” Pant recounts. “I visited a few homes, and without exception, in every house, where was the stand lying? On top of the fridge!”

Pradeep Pant sees consumer insights as being critical in managing and marketing legacy brands to new markets. “Glocal,” he told *Perspectives@SMU*, “is local insights, and then using your global muscle to solve what you have found through those insights.” Pant was a speaker at the SMU-Brand Finance Asia-Pacific Forum 2013 held here recently.

ASK THE CONSUMER

He cites the story of Oreo in China to drive home the example. Looking at how prevalent Oreo is on the streets of China today, it is hard to imagine that merely six years ago, the brand was failing so miserably at capturing any significant traction that Kraft had intended to take the brand off the Chinese market in 2007.

“Thank God somebody had the sense to say, ‘Have we asked the consumer?’” Pant remarks.

They found that the average Chinese palate did not like too much sugar, and hence found Oreo too sweet. There was also significant mention of there being “too much cream compared to the cookie”, amidst other insights gathered from market research done in the local streets.

Mondelez then launched new products under the Oreo brand including a wafer product which became hugely popular, as well as introducing new flavours such as Oreo Green Tea to the line-up.

“I took some samples back to Chicago, and they said it was lousy,” Pant adds, of the novelty flavour. “I said, 'To your palette, maybe. But the Chinese love it.’.”

The efforts have clearly paid off in a big way. Oreo is currently so successful in China, Pant says it is bigger than almost all the other markets in Asia Pacific combined. He cites being innovative as being a huge factor when adapting brands to new and foreign markets. To him, innovation is never about the one-off “big bang” of home run ideas. Instead, he reasserts the importance of making incremental changes to existing products.

INNOVATE, RENOVATE

Pant divulges more about these incremental changes, which he calls ‘renovation’ that amounts to innovation.

“When you think of innovation, don’t keep thinking of how you are going to change the whole world. Think in a layered manner. When Heinz invented the ketchup bottle in a way that the ketchup bottle was upside down, so that you didn’t have to stand in front of the dining table, hammering away the back of the bottle to get the sauce - that was innovation."

In Gillette, where he used to work, the gap between the entries of the first two types of razor blades in the market – the simpler *G2 razor*, followed by one with a head that had a pivot – was 10 years. The next model, the Sensor, came only seven years later.

“So it’s not like major innovations were happening everywhere. It takes time,” he affirms. At Gillette, other increments and improvisation included “putting lubricating strips on the razor, putting a better kind of rubberised material on the handle so that you could grip it better, launching a sports razor which looked different from the standard one”.

“When you think of innovation, think comprehensively. Think 360 degrees, and drive the business by reframing it and redefining it,” he continues. “Every aspect of your business should be doing it, not just the R&D guys or the marketing guys.”

When it comes to managing a brand, he says the link between innovation, experimentation and consumer insights are critical and intrinsic.

“Brands live longer than brand managers,” he reminds us. “We are only here to look after a short period in the life of a brand. So don’t be too arrogant when you manage the brand.”