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Introduction

# Brands in, from and to emerging markets: The role of industrial relationships

## 1. Introduction

The notion of corporate brand was formally introduced into the academic literature by Balmer (1995), subsequently integrated with the concept of brand community in an international context (Low, 2007), before Gupta and Malhotra (2013) examined the performance of corporate brands in emerging markets from an industrial marketing perspective. Corporate brands from advanced markets typically target emerging markets in their internationalisation developmental path and those that originate from emerging markets aim to capture a share of the market in an advanced marketplace (Luo & Tung, 2007). However factors that drive a corporate brand from two different types of markets into a foreign market are quite different (Balmer, 2012; Gupta, Melewar, & Bourlakis, 2010b). Specifically, brands from advanced or developed markets entering an emerging market often lead to higher potential for growth, profitability and superior performance. Success in an emerging market also provides an ideal launching pad in gaining greater market access to the region's economic community such as the Association of Southeast Asian nations (Asean) via inter-country trade and economic incentives. However, the main motivator for brands from emerging markets in pursuing internationalisation cannot be the opportunity based on anticipated growth of the target market alone as advanced markets are no longer attractive growth markets (Gupta et al., 2010b). Despite the lack of attractiveness, many corporate brands from emerging markets seem to be making attempts to position their products in developed markets.

The need to build up global market capabilities, cope with escalating technology and R&D costs, facilitate easier access to global technology and speed up innovation and product introduction underpins internationalisation of corporate brands, particularly for corporations competing in the information and telecommunications global market space. A case in point is Huawei Technologies Corporation. Lying at the cross road in a transitional telecommunication sector that is no longer isolated from global reforms and advancement in the late 1990s, the company has successfully transformed itself from an unknown local, indigenous Chinese telecommunications company to a global telecommunication giant (Low, 2007). Through exposure to global markets and as a result of B2B dealings with global telecommunication companies, Huawei has raised their corporate brand profile, and now appears constantly on the radar of the global telecommunication branding community. Anecdotal evidence on successful industrial practices suggest that in order to maximise and leverage the benefits of internationalisation for a corporate brand, brand managers must recognise the antecedents and consequences of entering a foreign market. The extant literature on internationalisation in industrial markets generally adopts an economist viewpoint to explain its contribution in the development of absolute or comparative advantage theories, innovation diffusion, and the Uppsala model. International business and marketing researchers have also tried to explore the behavioural theory of a firm in an international setting through contingency theory, product life cycle theory, transaction cost analysis, cost benefit analysis, and economies of scale. From an industrial marketing perspective, scholars have tried to understand and explain exchanges between firms from advanced and emerging markets. While the focus of previous studies on internationalisation of firms from and to emerging markets in general is from a firm point of view, they do not take into consideration the perspective of a corporate brand. Furthermore, a systematic attempt via a theoretical framework depicting the differences between the internationalisation approaches adopted by brands from advanced and emerging markets is missing. The role of brands, in particular corporate brands from advanced and emerging markets represents an under-research field of inquiry. This is surprising since the presence of a strong corporate brand is an important conduit to developing and improving market performance through internationalisation. To address the gap in the literature and to advance the development of scholarly research on this topic, this article will identify the causes and effects of internationalisation for corporate brands from advanced and emerging markets. It conceptualises two different models of internationalisation, provides arguments how and why the proposed models will serve as a useful tool for brand managers planning to internationalise their brand from or to an emerging market in comparison to advanced markets.

### 1.1. Corporate brands

Dating back twenty years, the notion of corporate brands was formally introduced into the academic literature with a prediction by Balmer (1995) that it would emerge as an important management and organisational concern Many of the British scholars provided initial insights on the territory (Ind, 1998; Burt & Sparks, 2002; Knox & Bickerton, 2003). These were later joined by scholars from the Continent and North American and other scholars (Kapferer, 2002). A corporate brand is a distinct identity type characterising one or more entities, has a quasi-legal character underpinned by an informal, albeit powerful corporate contract between an organisation and its stakeholders (Balmer, 2007). This corporate brand contract/covenant as per Balmer (2007) relates to customers' and/or stakeholders association with the corporate brand. Where legal ownership of a corporate brand resides with an institution, emotional ownership (its real value) belongs to customers and other stakeholders (Balmer & Gray, 2003 pp 6–7).

The significance and role of a brand in an industrial setting has since been examined extensively in academic research literature (Mudambi, 2002; Gupta et al., 2010a,b). This is because many business-to-

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business (B2B) organisations use and rely largely on an explicit corporate brand-based strategy to build trust and develop commitment that are important in the development and maintenance of an enduring business relationship (Balmer & Greyser, 2002; Gupta et al., 2010a). While there is evidence of research on corporate brand and branding strategy in an industrial marketing context (Gupta, Grant, & Melewar, 2008; Mudambi, 2002), the literature, however, remains silent on the internationalisation of corporate brands.

### 1.2. Internationalisation of a corporate brand

Academic literature on international business, international trade and international marketing reports various routes available to a brand for internationalisation (Cervino & Cubillo, 2004). Marketing literature explains that failure of a brand in a market implies high level of risk to the brand's image (Swaminathan, Fox, & Reddy, 2001). Unsurprisingly, in the initial internationalisation stages, managers prefer to choose a business model that requires lesser involvement and weaker brand engagement, such that in the event of negative situations, they can be better managed through marketing initiatives (Luo & Tung, 2007). Hence, managers of a brand generally initiate products or services offering in a foreign market by identifying an export partner (Luo & Tung, 2007). Through an export arrangement, brand awareness is created, providing brand managers much needed opportunity to understand the market without substantive cost to the company (Gupta et al., 2008). Once managers recognise the market potential corresponding with increase awareness of the product and the brand, the subsequent identification and appointment of a local distributor for the brand would allow the firms to push their brand into remote areas through a network of distributors (Gupta et al., 2010b). International brands may even occasionally set up a network of franchisees using a master franchisee and sub-franchisees model before setting up their own subsidiary in order to manage and control their market share (Welch, Benito, & Petersen, 2008) through corporate brand management initiatives.

Considering the risk of failure in a new market, brand managers prefer setting up an exporting channel or a distribution network over initiating either a franchisee operation or a subsidiary office in the initial internationalisation phases (Welch et al., 2008). Selling through local distribution companies creates familiarity, minimises overall risk to the brand, provide deep access into geographically diverse markets, and enable economies of scale (Dawar & Chattopadhyay, 2002; Douglas, Craig, & Nijssen, 2001). The internationalisation agenda of a brand manager from an advanced market into an emerging market like India or China can be driven by business opportunities offered by these rapidly growing markets (Douglas et al., 2001; Meyer & Estrin, 2001). However, brands managers from emerging markets pursuing internationalisation are generally driven by a desire for superior performance and brand reputation (Luo & Tung, 2007). While the drivers of internationalisation in both these cases are different, a strong brand name facilitates recognisability in these markets as brand communities are formed and developed (Low, 2007). Reflecting on marketing scholars current knowledge on the antecedents and consequences of internationalisation a corporate brand, not much is known on brand communities through internationalisation in a B2B context.

### 1.3. Industrial brand communities

Beyond brand as a location-based asset into and from emerging markets, the authors have tried to capture the role of supplier network that extends beyond the traditional stimulus response model to include business relationship from a network perspective. Indeed, a manuscript on internationalisation of B2B corporate brand would be incomplete without a discussion on the role of brand community in influencing the success of corporate brand. This is because in an increasingly connected world spurred on by the use of internet for social interactions with a business purpose, brand community is an important intangible asset concept that transcends boundaries, enabling corporation to develop its brand. As a collective of stakeholders based on a structured set of social relations amongst admirers of one brand, brand community act as a global conduit of information, education and socialisation that binds community and brand together.

For example, in IBM PartnerWorld Community which is open to all PartnerWorld, members include IBM sales and marketing leads, IBM Business Partners, and subject matter experts that connect and collaborate (IBM Partner World Community, 2014). The SAP Australian site on "communities" notes: "Communities are core to the SAP Australian User Group. Available (and free) to members, [our communities] bring like-minded people together to discuss, share knowledge and learn from each other, and covers SAP process areas, industries or geographic locations (SAP Australia, 2014)." Shared interest through social interactions, connections and collaboration that are underpinned by the corporate brand, seemingly pervades the networked communities of stakeholders.

Recognising that brand communities can become important marketing instruments and understanding who joins a community, and for what reasons also have potentially powerful managerial implications (Ouwersloot & Odekerken-Schröder, 2008). For B2B firms, brand communities are low-cost, high efficacy marketing programmes which can achieve a number of different marketing objectives simultaneously (Low, 2007). The activities of brand community as a whole or its members in turn affect various aspect of marketing-mix, and create value for both marketers and customers (Schau, Muñiz, & Arnould, 2009). For example, Andersen (2005) found that these communities help enhance the brand image of Coloplast, an industrial manufacturers of disposable plastic and polymer products for the health care sector by connecting not only customer to the firm but also customer to customer. Amongst nurses, patients and their relatives, brand communities serves as an effective marketing tool in building relationship between the firm and its stakeholders.

Today, marketing literature by Webster (2000) discusses strong brands and efficient business relationships as assets useful to a firm in an industrial setting. A recent study by Ramamurti (2012) explained brands as location based assets that are replicated by companies in each new market. Simultaneously, Gao, Knight, and Ballantyne (2012) reflects upon industrial relationships as Guanxi in the Chinese context to explain the influence of relationship marketing on success of brands from advanced markets to emerging markets. Ramamurti (2012) highlighted that firms from emerging markets venture abroad in order to obtain technologies, acquire brands primarily for developing their potential or capacity within their home market, and for exploiting differences rather than similarities in other countries. Current literature, however, fails to reflect on the role played by a network of suppliers in facilitating the smooth penetration of brands in unknown, remote geographically dispersed areas, build strong brand awareness, and create brand reputation through superior brand positioning in competitive, emerging markets. It also does not explain how B2B relationships in brand communities enable brand managers from emerging markets to create international branding to an advanced or an emerging market.

### 1.4. Brands to emerging markets

The internationalisation of a brand from a foreign country into an emerging market has been discussed previously in the academic literature (Elg, Ghauri, & Tarnovskaya, 2008; Meyer & Estrin, 2001; Wong & Wickham, 2015). The study by Wong and Wickham (2015) identified core marketing attributes in their review of brands entering an emerging market. These attributes included brand awareness, brand association, perceived quality, brand loyalty and other proprietary aspects of

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