

The Importance of The Brand in The Internationalization of Exporting Companies

Rosa Leila Lima do Nascimento, Kleber de Oliveira Santos, João Amaury Lima Martins Júnior, Derbi Mota de Souza, Ana Eleonora Almeida Paixão

Universidade Federal de Sergipe, Brazil

Abstract

The actual article succinctly approach the importance of the brand in the internationalization process and how well-founded strategies in this process are gaining prominence in the business context, since the current phase of globalization, the increase in competition, the pace for innovation and the opening of new markets, are directly impacting in the performance of companies in their market. Therefore, this study defined the objective of analyzing the importance of the brand in the internationalization process of companies. The methodology used was literary research opted for bibliographic review, which is based on the analysis of the literature already published, from articles and dissertations in recent years in Portuguese and English, found in periodicals indexed in the SciELO databases. (Scientific Electronic Library Online) and Google Scholar, beyond books relevant to this theme.

Keywords: Internationalization; Globalization; Brand; Innovation; Market

1. INTRODUCTION

The internationalization of companies has become increasingly important since the early 1990s with the economic opening, which has brought to companies the need of improving the productivity and the quality of its products. According to Ricupero; Barreto (2007), in the period between 1984 and 1998 the total flow of direct world investment abroad increased tenfold. Companies without competitive ability are increasingly out of the market, being replaced by those that are more efficient or by the increase in imports of products in which the country is less efficient. The internationalization process demands from companies capacity and their own production characteristics, having technology and a human resources management where there is an integration directed at the awareness of being part of the foreign market. (FLORIANI, 2010).

The internationalization process is extremely necessary for the national economic development, which represents a very important milestone for the national economy, indicating structural changes in the global economy and in the country pattern of development. For Minevini (2008) the internationalization of a company demands a plan, a chart, whereby the goal will be achieved, beyond the enthusiasm of a great challenge. Besides that, the export capacity is that according to which the company has to adapt to the international market variables, carrying out internally several modifications, whether in the area of human resources, design, productivity, communication or management. (MINEVINI, 2008).

For Barreto (1999, p. 266), “the study of the internationalization of companies [...] can then, help to understand the general phenomenon of internationalization, for its peculiarities”. Thus, one of the main aspects for the progress of a company internationally is the brand whose distinct name and/or symbol is destined to identify its assets or services to stand out from others. Therefore, a brand signals to the consumer the origin of the product and protects both the consumer and the fabricant from competitors offering products that look identical. (AKER, 1998).

In front of the global market trend, the goal of this study is to analyze the importance of the brand in the process of internationalization of companies. It is important to stress that the process of internationalization of the brand provides an effectiveness in increasing its competitiveness, promoting the development of the country and facilitating the access to resources and markets, once it conquers a spot at global economy, as well it also helps with the results of the increasement statement of the country economy.

The present study is based on a literary research, the bibliographic review was chosen, which relies on the analyzes of the literature already published, through articles and essays in the last years in Portuguese and in English, found at periodicals linked at SciELO (Scientific Electronic Library Online) and Google Academy data base, in addition to relevant books to this topic.

2. THEORETICAL FOUNDATION

2.1 Internalization of Companies in the Globalized WorldThe globalization of economy has created new opportunities, but also challenges, which have led the companies to make efforts in the adoption of internationalization strategies, as a way to survive. Countries encourage exports and internationalization of companies, as well as unite to form trade blocs in order to increase their participation and competitiveness in the global economy. The concept of internationalization of a company can be described as the participation of it in the international market. (BUCKLEY; CASSON, 2000).

The Dom Cabral Foundation (2002, p. 5), proposes a clearer definition: "internationalization is the process of obtaining part or all of the revenues from international operations, whether through export, licensing, strategic alliances, acquisition of companies in other countries or construction of own subsidiaries. According to Lemaire et al (1997), among the factors that trigger the insertion of companies in the international market are the inevitable process of international opening and the globalizing trend of economies and markets, which was established after one or two decades, within a scenario where the exchange of goods, services and capital became more complex.

Thus, according to Johanson and Vahlne (1977), the process of internationalization focuses on the acquisition, integration and use of knowledge in a sequential manner about foreign markets and operations, increasing the degree of commitment of the firm in its foreign markets. This means that the better the knowledge about the market, the more valuable the resources and the stronger the commitment of the company with this market. Therefore, knowledge and commitment are the key elements for the internationalization of companies from the perspective of Johanson and Vahlne (1977). In line with these authors, the definition of knowledge is subdivided between experimental, general and market-specific.

According to Buckley and Casson (2000), there are two interdependent decisions for the entry of the organization in another country: the location and the control mode. The first refers to the choice of the

country and, more specifically, of its region. In other words, it refers to the question: where to internationalize? There are two generic strategies: market diversification and market concentration. (BRADLEY; CASSON, 2000). By diversifying, the goal is to achieve a high return with low commitment of resources in many markets. By concentrating, the company devotes a high level of marketing effort to each of the few markets in an attempt to obtain a significant share in them. The company only enters other markets after building a strong position in the initial market.

The control mode, in turn, is related to the definition of the process which can be: i) export, with the organization located in its country of origin and administratively controlled; ii) licensing, with the location outside the country of origin and contractually controlled; iii) direct investment, with the organization located and administratively controlled outside its country of origin. (BUCKLEY; CASSON, 2000).

An important positioning for the growth of the internationalization process was the Uppsala School model that emphasized the gradualism of entry as one of the appropriate strategies for the internationalization process of organizations (JOHANSON; VAHLNE, 1977). According to this model, there is a scale of commitment in entry modes, from the last committed to the most. Thus, the gradual process of internationalization performs the following steps: export by third parties; direct export; licensing; association or strategic alliances with foreign companies; franchising; establishment of subsidiaries (first with their own sales offices and then with production units) and, finally, installation of a research center. For the authors, the knowledge coming from the experience is critical and must be gradually acquired, enabling the company to formulate opportunities with this learning.

When entering the international market, companies have a set of strategies, and the decisions for this entry vary according to the capacity and resources that they have in face of the opportunities found externally (PIPKIN, 2005). Internationalization can be interpreted as an incremental process, aiming at having several benefits. However, despite this concept, the paths to be followed in the internationalization process are often faced with certain obstacles and irregularities, resulting from some threats that do not emerge in a continuous or controlled manner. (KOVACS, MORAES, OLIVE TREE, 2007).

On the other hand, the internationalization can also happen in an intended way, i.e., in a way intentionally planned by the company (ZEN, 2012). As the degree of internationalization increases, companies gain more experience and consequently become more efficient in relation to the foreign market. (FLORIANI, 2010). Normally, the international market presents greater risks in relation to the domestic market, however, the risks assumed by the companies may vary according to the strategic choice of entering the foreign market. In direct investment, for example, the risks are greater than in exports, requiring greater commitment and performance of the company, but profitability and learning are also greater. (PIPKIN, 2005).

The internationalization of companies is related to their active participation in foreign markets in order to be the natural way to keep them competitive. The fact that they are increasingly present in international markets makes companies adopt certain criteria, among these political and cultural to those of the destination countries (PIPKIN, 2005). There are several reasons that lead companies to develop their internationalization process, seeking a series of advantages in relation to their competitors, since the entry into foreign markets makes this activity indispensable for their growth, both nationally and internationally (MINERVINI, 2001).

Internationalization is not free of difficulties, conversely, the fact that the foreign market is composed of

very diverse countries whose languages, cultures, habits, clothing, policies and laws are different from each other, their consumers are much more selective and demanding, and consequently the market becomes much wider and certainly more competitive. (LOPEZ; GAMMA, 2005).

In Keedi's (2008, p. 86) conception, the difficulties encountered by companies when entering the foreign market are: "language, variation in the degree of mobility of production factors, increased logistics costs related to distance between countries and disparity between currencies since the currencies received must be converted into national currency". Therefore, for a company to succeed in the international scenario it is indispensable to formulate a well defined and structured strategic planning, which allows the company to analyze its strengths and weaknesses as well as the threats and opportunities of foreign markets. (LOPEZ; GAMA, 2005). However, it is noticeable that internationalization is not an easy activity which requires continuous investments and requires from organizations information, knowledge and above all export mentality. (DAYS, 2007; RODRIGUES, 2007).

In front of this reality of internationalization of companies, Brazil has not yet reached a significant estimate in the export market and still plays a minor role, due to the bureaucratic process and the still precarious infrastructure. However, globalization has enabled significant changes in this scenario.

2.2 Brazil and the Franchising System in the Globalized World

Brazil, in the context of globalization, coexists simultaneously with the impact of international transformations and the process of stabilization of the economy. Both significantly affect the economic performance and the productive complex, implying new challenges for economic policy and business performance. The process of internationalization of production, which has advanced substantially since the 1980s, has brought about transformations at the technological, organizational and financial levels, which have intensified competition on a global scale.

Thus, Brazilian companies are late entrants in the globalization process, even in comparison with companies from other emerging countries, including Latin America, and their participation in international markets is still very limited (FLEURY; FLEURY, 2007; ROCHA et al., 2007; CYRINO; TANURE, 2009). However, there are already some cases of very successful Brazilian multinationals. Learning from the mistakes of companies that have entered the international market before, as well as from their own mistakes, always keeping the focus on the organization's growth, is the effective way to recover lost time.

The internationalization process of an organization needs to be thought out and planned in order to minimize possible problems when entering a new cultural, social, political and economic reality. Throughout this process, company leaders reflect on the motivations for internationalization, decide the ways to enter and face a number of difficulties. (KHAUAJA and TOLEDO, 2011). Therefore, the entry methods are: export through third parties or directly; licensing, association or strategic alliances with foreign companies; franchising; production or service contracts; joint venture; mergers and acquisitions and divisions abroad (Greenfield), with the establishment of subsidiaries or their own offices (aimed at marketing, installation of subsidiary or production unit) and research center.

Currently, the International Franchise Association (IFA) defines franchising or franchise system as an ongoing relationship between franchisor and franchisee, in which the reputation (brand) and knowledge of the franchisor (production and marketing techniques) are transferred to the franchisee. Thus, the franchise

system is in a more advanced stage, called "continuous learning network". It is a relationship of reciprocal knowledge exchange, in which the active participation of the franchisees in the process of strategic decision-making is growing (FRIEDHEIM, 2005).

Hoffman and Preble (2004) consider that the franchise system, while benefiting from globalization, is an important driver of this process. In emerging markets, for example, such as countries where there is no history of entrepreneurship, the franchise system provides structure, support and a competitive advantage to local investors through the use of previously successful products and recognized brands. They believe that the growth of the new middle class - which has emerged from the increased purchasing power of low-income populations - will stimulate the franchise system this decade. Amos (2001) reinforces this thought, since, for him, the concept of the franchise system is easily "translated", allowing the business to be adapted to different cultures and environments.

There are no objective reports that identify who originated the business model that became franchising, but the general consensus suggests that it emerged in North America and was the founder of Singer Sewing Machines, Isaac Merritt Singer (WEBBER, 2013). According to data from the International Franchise Association (IFA) there are reports attributed to SINGER, a sewing machine factory, of the first modern franchise model contract, which enabled it to grow its sales throughout the American territory in relation to a relatively low investment. "At the beginning, car and gas station franchises prevailed in the United States, concentrating on these two segments almost half of all franchises then in existence". (ABRAÃO 1992).

The history of franchising in Brazil began in the 1960s, with the entry of Yazigi and CCAA (English schools), over the years, this scenario underwent major changes, with the creation of the Brazilian Franchising Association (ABF) in the 1980s and the promulgation of law 8.955/04 on December 15, 1994. For Mauro (2006), the franchise sector in the country until the beginning of the 80's, was concentrated in the areas of fuel, vehicle and beverage sales. With the growth of the shopping center sector throughout the country and the strong internalization of the business, there was the incentive for the growth of the retail chains, in the apparel, cosmetics and accessories branches. The expansion of large shopping centers was a crucial factor in the development of franchising in Brazil. Today, around 1/3 of the shopping centers' revenue comes from franchises.

Faced with this reality, the brand system in the internationalization process together with franchises has enabled an advance in the international market in the last years.

2.3 The Brands World

The most widely used definition of a brand is that of the American Marketing Association (AMA), which was written in 1960 and is present in Kotler and Keller's book (2006, p. 269): a brand is - a name, term, sign, symbol or design, or a combination of all of these, designed to identify the products or services of a

which we could interpret as the benefit. This author adopts a holistic conception, in which brands are seen as living objects that relate to consumers.

Aaker and Joachimsthaler (2000, p. 47/54) sustain that brand identity is - the cornerstone for the strategy - a set of associations that the brand strategist seeks to create or maintain. The authors state that a strong brand must have a rich and clear identity in order to form a solid and relevant image in the minds of consumers. If the company is effective in building its brand, consumer perception, i.e. the brand image, will be equivalent to the brand identity, which represents what the company wants its brand to mean.

Kapferer (2003) makes a clear distinction between identity and image, placing the first as a concept of emission and the latter as a concept of reception. This means that identity is the conception that the brand has of itself and image is a decoding made by the public of all the signals emitted by the brand. Image 1 below shows the difference between identity and image:

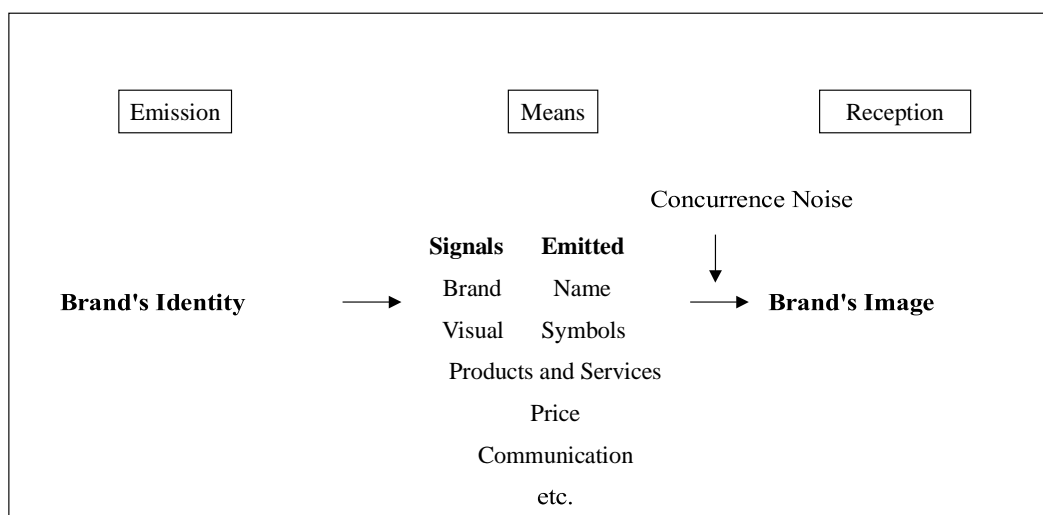


Figure 1. Difference between identity and image

Source: Adapted from Kapferer (2003, p. 87)

Brand identity is used to establish the company in the market, i. e.; it allows the organization or a part of the organization to have the feeling of existing as a coherent and specific being, assuming its history and taking a place in relation to others. (KAPFERER, 2003). The first effort to build a brand identity must be employee-oriented, since it is through the perception of them that it can establish itself in the external environment. (TAVARES, 1998). To project a certain image, the company's managers need to take care of the internal reality. Just like brands, a solid corporate identity must be based on organizational values, which must, in fact, be practiced on a daily basis.

Performance refers to the quality of the product. Keller (2003) states that the experience of customers with the brand needs at least to meet their expectations and when the results meet or exceed expectations, customer satisfaction happens. Besides referring to the intrinsic characteristics of the product, the performance is related to the added services, the style and design, the price and the reliability and durability of the product. The brand image refers to the extrinsic characteristics of the product, such as the profile of users; situations of purchase and use; the personality of the brand; its values, history and experiences. These

are the so-called intangible factors. The goal of product performance and brand image is to give meaning to the brand by building favorable associations. (KELLER, 2003).

Judgments are the personal opinions of clients and their evaluations of the brand, that is, the way clients relate tangible and intangible attributes to form an opinion about the brand. Thus, customers judge the quality of the brand; the credibility of the brand (and of the company that manufactured or owned the brand); the consideration of purchase and the superiority of the brand (if it is considered unique and/or superior to others). Feelings, on the other hand, are the emotional responses motivated by the brand, that is, the emotions caused by the brand and its marketing program, the way in which the brand affects the perceptions that customers have of themselves and their relationship with other people. (KLEIN, 2002).

People, in turn, in their role as consumers, expect brands to promote enriching experiences for them, whether by acquiring knowledge or by offering moments of leisure. The 21st century consumer does not want to buy products that just satisfy their needs: he wants to consume ideas, stories and emotions. And brands, when well constructed, have a history, defend ideas and transmit emotions. Finally, brands are part of people's day time and are invited to participate in their daily lives. People even use brands as a means to stigmatize other individuals in social interactions (SOUZA LEÃO; MELLO, 2008), because those who buy a brand theoretically share its values.

Brands today occupy such a privileged place in the world of the ephemeral that there are those who strive to become brands, as is the case of several foreign and Brazilian celebrities, who, once having achieved this feat, profit a lot by licensing their brand to companies that sell assets and services. (KLEIN, 2002, p. 85). Regarding the construction of global brands, Aaker (1998) declared that they are brands whose positioning, communication strategy and personality are, in most aspects, the same in different countries and markets. They state that it is necessary to develop strong brands in the various markets through global brand leadership, which includes using organizational structures, processes and cultures to globally allocate brand building resources creating global synergies, as well as developing a global brand strategy that coordinates and leverages the strategies of each country. However, they also point to the challenge of finding a balance between empowering the brand globally and respecting local differences, a recurring subject in the global marketing discussion.

Local brands are differentiated from international brands by Kapferer (2004), to whom local brands are those that exist in a country or are limited to a geographic area and may belong to a local or global company. International brands, on the other hand, are those that have elements of the globalized marketing strategy or compound. Quoting Levitt (1983), they consider that, in a more radical way, global brands are defined as brands that use the same marketing strategy and marketing mix in all target markets.

Temporal (2001) tried to go beyond and differentiate the concepts of international brand and global brand, although this seems a little confusing. For the author, the global brand is the one that is present in almost every country in the world, uses the same name, has the same values and the same positioning in every country. In this case, its products have universal appeal and are targeted at global target segments (for example, young executives). In contrast, international brands are those that are present in a few countries, use different names, make adaptations to their positioning and offerings. According to the author's criteria, possibly only a handful of brands could be considered truly global.

Holden (2006) concluded that to launch a global brand, it must be assessed whether it meets the needs of

global consumers, whether it can be adapted to the differences in food behavior and income of different cultures, and whether the magnitude of the opportunity offsets the challenges. For the author, -one of the greatest challenges in building global brands is balancing local and global branding best practices. The goal is to complement global standardization with local customization (HOLDEN, 2006, p. 288). She therefore recommends that the brand (identity and positioning) and the product (quality and main characteristics) be global and that pricing, distribution and integrated communication be adapted to local needs.

As can be seen, Ramsay (2003) and Holden (2006) have shed light on the danger of generalizing the analysis about global brands, given that each area has its peculiarities. In the service sector, for example, which is too dependent on people to deliver the brand promise, Vallaster and Chernatony (2005) highlighted the difficulty of conveying brand values to employees in different countries with different cultures, meaning that in this sector cultural differences have an even greater impact.

Melewar and Walker (2003) listed the impacts of culture on brand management:

1. colors and numbers have different meanings in different cultures;
2. names can also have different meanings;
3. the notion of time changes between cultures;
4. different cultures have different attitudes towards gender and race;
5. the role of people in society may be different between cultures;
6. people's priorities change according to culture and religion.

The authors concluded that strong global brands are those capable of translating corporate values into different markets. Although they preach adaptation to different cultures, they consider that companies should not give up consistency in the global positioning of brands. The three main implications to be considered in global brand management, according to them, are (a) to emphasize the global character of the brand, valuing the exclusive characteristics of brands with a large global presence; (b) to adopt a global positioning (as advocated by other authors), but make local certain characteristics of the marketing approach and (c) to satisfy the foundations for building solid brands, since assuming a global approach is not, in itself, a guarantee of success, but may, on the contrary, make brand management even more complex. One of the most common mistakes that Brazilian companies make in internationalization processes is the non-development of brands. This reality is exposed annually in the rankings of the most valuable brands in the world since, among the hundred brands considered most valuable, only one (Bradesco) is Brazilian. (INTERBRAND, 2009).

3. Conclusion

The process of internationalization of a company is characterized from the moment it decides to start its activities in another country. This decision can be defined by the search for new markets, expansion and increase of its sales, as well as the growth of competition generated by globalization.

Many companies see the foreign market only as an opportunity, enabling them to escape certain crises faced in the domestic market itself. However, other companies realize that the performance in the international markets, even obtaining some difficulties, can provide them innumerable benefits, extending their

knowledge, generating greater profits, new products to be offered, technological incorporation and business growth, this if they develop a good strategic planning.

The launching of a brand in the international market, however, in order to obtain success, it is important that the companies evaluate their exported capacity, being able to meet the requirements and needs of international customers, since they are more selective and have different characteristics defined by language, tastes, customs and cultures.

7. References

- [1] AKER, D. A **Marcas: Brand Equity gerenciando o valor da marca**. 4. ed. São Paulo: Negócio Editora, 1998.
- [2] ABRAÃO, N. **A Lei da Franquia Empresarial**. Revista dos Tribunais, São Paulo, 1992.
- [3] AMOS, J. H. JR. Franchising, more than any act of government, will strengthen the global economy. **Franchising World**. [S.l.], v. 33, n. 4, p. 8, 2001.
- [4] BARRETO, A. S. P. **Internacionalização das empresas brasileiras: processos, pessoas e networks no investimento direto no exterior**. Tese de doutorado em Administração. Universidade Federal do Rio de Janeiro). Rio de Janeiro: UFRJ/COPPEAD, 1999.
- [5] BUCKLEY, P.J.; CASSON, M. **The future of the multinational enterprise**. Macmillan: London. 1976.
- [6] CYRINO, A. B.; TANURE, B. Trajectories of Brazilian multinationals: coping with obstacles, challenges and opportunities in the internationalization process. In: RAMSEY, J.; ALMEIDA, A. (Org.). **The rise of Brazilian multinationals**. Rio de Janeiro: Campus Elsevier, 2009.
- [7] DIAS, M. C. da C. F. **A internacionalização e os fatores de competitividade: o caso Adira**. Dissertação de mestrado em Ciências Empresariais - Especialização em Marketing. Universidade do Porto, 2007. 188 p.
- [8] FLEURY, A.; FLEURY, M. T. Internacionalização das empresas brasileiras: em busca de uma abordagem teórica para os late movers. In: FLEURY, A.; FLEURY, M. T. (Org.). **Internacionalização e os países emergentes**. São Paulo: Atlas, 2007.
- [9] FLORIANI, D.E. **O grau de internacionalização, as competências e o desempenho da pequena e média empresa brasileira**. 2010. 207 p. Tese de Doutorado em Economia, Administração e Contabilidade. Universidade de São Paulo 2010.
- [10] FUNDAÇÃO DOM CABRAL. **Pesquisa sobre a internacionalização da empresa brasileira**.

Sumário executivo. 2002.

[11] HOFFMAN, R. C.; PREBLE, J. F. Global franchising: current status and future challenges.

[12] HOLDEN, B. Construindo marcas globais. : TYBOUT, A. M.; CALKINS, T. (Org.). **Branding**. São Paulo: Atlas, 2006.

[13] INTERBRAND. **Best global brands 2009**. Disponível em: <<http://www.interbrand.com>>. Acesso em: 10 de fev. 2020.

[14] JOHANSON, B.; VAHLNE, J. The internacionalization process of the firm: a model of knowledge development and increasing foreign market commitments. **Journal of International Business Studies**. Basingstoke, 1977.

[15] KAPFERER, J. N. O que vai mudar as marcas. Porto Alegre: Bookman, 2004. **The Journal of Services Marketing**, [S.l.], v. 18, n. 2, p. 101-113, 2004.

[16] KELLER, K. L. **Strategic brand management: building, measuring, and managing brand equity**. 2 ed. New Jersey: Prentice Hall, 2003.

[17] KHAUAJA, D. M. R., TOLEDO G. L. O processo de internacionalização de empresas brasileiras: estudo com franqueadoras. Internext – **Revista Eletrônica de Negócios Internacionais da ESPM**, São Paulo, v.6, n.1, p. 42-62, jan./jun. 2011.

[18] KLEIN, N. **Sem logo: a tirania das marcas em um planeta vendido**. 2.ed. Rio de Janeiro: Record, 2002.

[19] KOVACS; E. P.; MORAES; W. F. A. de; OLIVEIRA, B. R. B. de. Redefinindo conceitos: um ensaio teórico sobre os conceitos-chave das teorias de internacionalização. **Revista de Gestão USP**, São Paulo: v. 14, n. especial, p. 17 – 29, 2007

[20] LEVITT, T. The globalization of markets. **Harvard Business Review**. Boston, v. 3, p. 92-102, may/june 1983.