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Examining world market segmentation and brand positioning strategies

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Abstract

Purpose – This paper aims to examine the conceptual as well as empirical linkages between segmentation bases and brand positioning strategies in the context of discussing practical implications for firms operating in increasingly globalizing markets.

Design/methodology/approach – This paper empirically examines an inventory of market segmentation factors in relation to four global strategic positioning decision options.

Findings – The two studies reported suggest that a combined use of macro and micro-bases to segment world markets is significantly linked to the perceived positioning strategies of global top brands, whereas firms seeking more localized positioning strategies use only micro-bases to segment.

Practical implications – The conceptual and empirical findings reported in this paper pave the way for embarking on promising and relevant future research that is needed to substantiate and enrich the academic understanding and managerial practice of segmentation and strategic brand positioning decisions in world markets.

Originality/value – This paper is unique in identifying a link between global brand positioning and segmentation factors.

Keywords Market segmentation, Brand positioning strategy, Global marketing, Brand management, International marketing, Globalization

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Segmentation of world markets is a frequent topic of discussion and research among both marketing academics and practitioners. The increasing importance of segmentation decisions is attributed, at least in part, to its ability to enhance the strategic position of the brand. There is consensus among practitioners and academics that the time and expense of conducting segmentation studies and implementing international segmentation systems is justified by the contribution of segmentation to effective brand positioning and performance (Özsomer and Prussia, 2000; Aurifeille *et al.*, 2002; Schuiling and Kapferer, 2004; Cova *et al.*, 2007; Hung *et al.*, 2007). However, there has been limited attention given in the literature to identifying the dimensions used to form international market segments (Steenkamp and Hofstede, 2002). For example, can world markets be segmented based on geographical factors alone or just on behavioral and lifestyle variables? In an increasingly global and technology savvy marketplace where customer segments are becoming homogenized across national boundaries, behavioral and lifestyle segmentation may be a necessary addition to geographical segmentation in world markets (Aulakh and Kotabe, 1993; Helsen *et al.*, 1993; Nachum, 1994). Complicating the segmentation issues in world markets is the need for companies to make strategic positioning decisions on leveraging brand equity and achieving economies of scale. In short, the strategic necessity does not stop at the selection of desirable market segments, but also includes the need to effectively position brands relative to market segments. Toward that end, the purpose of this paper is to empirically examine the relationship between bases of segmentation and strategic brand positioning strategies in world markets. Additionally, this paper explores appropriate scenarios where a company would use different segmentation and positioning strategies.

The decision to segment world markets lies in understanding the degree of globalization achieved in a given market. If there are no more mass markets in most individual countries one should hardly expect a single universal marketing strategy to be effective in worldwide markets (Schuiling and Kapferer, 2004; Cova *et al.*, 2007; Hung *et al.*, 2007). However, if segmentation criteria or bases exist for market segmentation that cut across national boundaries, then marketing strategies might be developed that will work for similar segments around the globe (Solberg, 2002; Wright and Nancarrow, 1999; Aurifeille *et al.*, 2002). The existence of these inter-market segments might create important opportunities and challenges for firms seeking to establish brand positions in multiple markets – an increasingly common strategic goal.

Literature on segmentation of world markets

Most early segmentation research efforts were based on macro considerations that include factors such as economic (Kotler, 1986); cultural (Whitlock, 1987; Hofstede, 2001); geographic (Daniels, 1987) and technological (Huszagh *et al.*, 1986). Current research found that these pre-determined country

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bases are inadequate for segmentation when considered without behavioral bases (Helsen *et al.*, 1993; Nachum, 1994). For example, pre-determined country clusters will be inadequate without a full account for the degree of homogeneity related to buyers' responsiveness to the global marketing program (Agarwal, 2003). Several segmentation studies criticized limiting segmentation decisions to macro bases alone. For example, Hassan and Katsanis (1991) suggested that world market segmentation based on macro-bases has three major limitations:

1. segmentation decision is based on country-specific geographical variables not consumer-behavior variables;
2. it assumes total homogeneity of consumer behavior within country segments; and
3. it overlooks the existence of homogeneous segments that transcend across national boundaries.

Wind and Douglas (1972) described "macro" segmentation as groups of countries that are classified and targeted based on national market characteristics while "micro" segmentation is based on analyzing and sub-dividing each qualifying target country by customer characteristics to form localized market segments.

There are a number of studies that acknowledge the growing homogeneity of needs among consumers on a worldwide basis and the opportunity this represents to identify global customer segments (Solberg, 2002; Nelson and Hye-Jin, 2007). For example, Domzal and Unger (1987) suggest that similar global customer segments can be identified across countries and regions based on psychographic and lifestyle analyses, while others have focused on attitudes toward imported products and country of origin effects (Crawford *et al.*, 1988).

Despite the growing homogeneity of needs among consumers on a worldwide basis, some researchers still focus on the adaptation of products and marketing efforts on a country-by-country basis, as opposed to the standardization of products and marketing efforts on a global basis (Kotler, 1986; Sheth, 1986). Others concede that selective standardization on a global basis may be strategically advantageous and espouse hybrid strategies of adaptation and globalization (Porter, 1986; Daniels, 1987). This approach assumes that globalization is feasible with certain products and that it is possible to cluster countries based on the similarity of target customer groups within each country (Huszagh *et al.*, 1986). Similarly, Douglas and Wind (1987) concluded that a firm's international operations may consist of a mix of strategies, including global products and brands as well as some regional and country specific products and brands. Thus, customer segments may be global, country specific, or based on clusters of countries with similar characteristics. "Firms focusing on a global market segment often can effectively use the same capabilities and skills to target that segment throughout the world" (Craig and Douglas, 2000).

Kale and Sudharshan (1987) propose a three-step analysis. First, select the appropriate countries to enter based on factors such as political climate and communications infrastructure. Second, identify specific customer segments to serve within each country based on product and marketing mix factors. Finally, select customer segments across a range of countries that may be served with a common marketing mix without regard to geographic boundaries. In a more recent study, Hofstede *et al.* (1999) empirically verified that a segmentation model can integrate both country factors and consumer characteristics to better form segments that share consumption patterns versus traditional models employing country factors alone. However, the study stopped well short of addressing the nature of segmentation bases or the linkage between segmentation bases and brand positioning. While their research did not seek empirical support for or document the international segmentation decision process, the findings reinforce within-country examination of market segment bases as a key step in the international segmentation strategy decision process. Steenkamp and Hofstede (2002) proposed a similar two-step process of first clustering countries by their cultural and socio-economic traits, then grouping individuals within these clusters, but selecting customers without regard to geographic boundaries.

This inter-market segmentation approach refers to "ways of describing and reaching market segments that transcend national boundaries or that cut across geographically defined markets" (Hassan and Blackwell, 1994). This approach emphasizes that inter-market segments are based on variables other than national boundaries (Agarwal, 2003). A hybrid approach that considers both macro bases, as well as micro bases, is found to be more realistic (Hsieh, 2002). The existence of inter-market segments is a key condition for the success of global marketing strategy (Hassan and Craft, 2005). For some consumers, the purchase of a global brand is seen as a "passport to global citizenship" (Strizhakova *et al.*, 2008).

Segmentation and strategic brand positioning

Marketing based on a broader view of world markets requires a careful examination of complex decisions related to strategic positioning in conjunction with segmentation. Does a firm want its brand to be positioned the same way in all markets? Should uniform brand image be a goal of global branding strategies? What portfolio of brand positioning strategies can be employed in world markets?

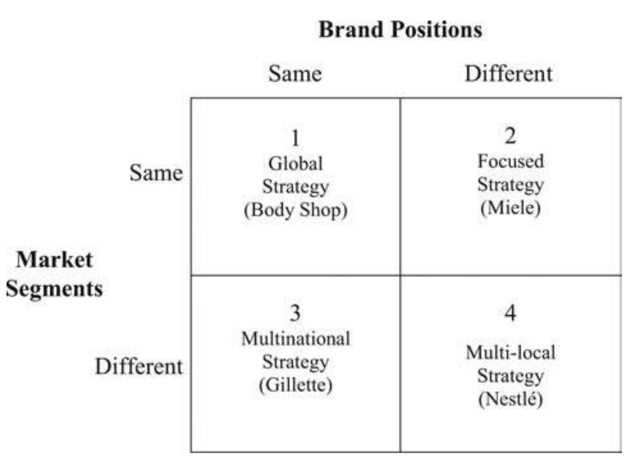
A review of contemporary research on international market segmentation reveals considerable shortage of empirical studies that examine the link between segmentation and global brand positioning. Yet, many segmentation researchers have stressed the critical importance of the relationship between segmentation and positioning decisions (Douglas and Craig, 1995; Wind, 1986) and some find that segmentation and positioning decisions are central to the development of global branding strategy (Özsomer and Altaras, 2008; Douglas *et al.*, 2001). The term "positioning" often is used to refer to the firm's decision to determine the place that its brand and corporate image occupy in a given market including the type of benefits to be stressed and the type of segments to be targeted (Douglas and Craig, 1995; Ries and Trout, 1986; Ries, 1996). In an international marketing context, the literature is consistent on the need to base positioning decisions on a broader scope that provides an understanding of differences and similarities from one market to another (Solberg, 2002). Therefore, positioning is described as strategy to identify and direct marketing resources among intended market segments. Under this strategy that we term "segment-based strategic positioning," the firm would foster the development of homogeneous responses for demand that differs from responses received from other market segments. The strategic positioning options can be illustrated best in a two-dimensional representation of degrees of homogeneity and heterogeneity among market segments to be addressed as bases for this research design (Broderick *et al.*, 2007; Douglas *et al.*, 2001).

One theoretical connection between international segmentation and brand positioning strategy is the ability of the firm to standardize brand appeal and marketing programs to a segment and thereby achieve economies of scale (Levitt, 1983). However, the key connection between international segmentation and brand positioning strategy is the degree to which the firm meets its own objectives for aligning the brand with consumers. Recent studies seeking to draw a specific link between the scale of segment management and brand position have reached conflicting results (Özsomer and Prussia, 2000). Several studies have found that standardization of products to global or regional market segments is positively related to brand position (Kotabe and Omura, 1989, Johansson and Yip, 1994) while others failed to find any relationship between brand position and scale of segmentation (Samiee and Roth, 1992). Cavusgil and Zou (1994) found that the segment management scale sometimes contributes to brand performance for very inexperienced and very experienced firms but not universally. The link between scale of segmentation and brand position remains unresolved (Özsomer and Prussia, 2000, p. 27).

Figure 1 displays the interaction of market segmentation and strategic positioning decisions in the 2 by 2 matrix. The first dimension is "same" or "different" market segments meaning that the firm may choose to target "same" or "different" segments across multiple markets globally. The second dimension in Figure 1 represents "same" or "different" strategic positioning options, meaning that the firm may seek to achieve similar or differentiated image in a given world market.

Cell 1 offers the "global strategy" option of substantially similar brand positioning to substantially similar global segments (Ries, 1996). The Body Shop developed a uniform position for its cosmetic lines among environmentally conscious consumers. This uniform strategy helped the firm to leverage its image internationally among consumers with similar attitudes and usage patterns (Douglas

Figure 1 Segment-based strategic brand positioning matrix



and Craig, 1995). In effect, the company developed a uniform image worldwide within this international segment.

Cell 2 represents a market "focused strategy" as favored by the Miele brand strategists. Miele's reputation for focusing on quality is appealing to European value of durability. American consumers have different appliance expectations – they treat appliances almost as "disposable," replacing them with a new color or model when they change homes or when the appliance breaks down. An appeal to 20-year durability is unlikely to be successful with American consumers. The American consumer will desire a maintenance free appliance with a wide variety of designs and styles. So while Miele may seek to sell identical products on a global basis to enhance global competitive advantage through supply-side economies, it faces great difficulty in the USA unless it positions the brand to acknowledge the cultural and behavioral differences between European and American customers. This way Miele was able to develop an effective focused strategy. Miele focused on the same segment of customers in Europe and America, but positioned the same product in two different ways to account for the cultural differences in appealing to American consumers' desire for variety of designs and styles.

Cell 3 represents similar strategic positioning for different segments or "multinational strategy." Many European firms choose same brand appeal for products marketed to US consumers in order to leverage market leadership or unique image. Mercedes Benz and BMW position their products as high quality, expensive, prestige brands. However, prestige image may not always be what consumers want. Gillette adopted this multinational strategy (cell 3) that provided a worldwide appeal based on stimulating primary market demand for shaving through providing a host of products for different segments. This multinational strategy of Gillette has been attributed to enhancing the company's performance in dominating the market worldwide. Other examples of companies that provide a portfolio of products for different segments worldwide are Coca-Cola, Kodak and Nike.

Cell 4 is the "multi-local strategy" option and probably exists only as a greenfield entry strategy rather than a market expansion strategy (Douglas and Craig, 1995). New market entry or investment in different brands marketed to different segments would probably be the only justification for such a strategy. For example, when Nestlé "glocalized" its Nescafe coffee brand, they recognized what coffee means to a culture, when it is consumed and how often it is consumed, varies throughout different cultures. Nestlé is distributed almost everywhere acknowledging that coffee plays different roles around the world. Coffee cultures such as the USA and Germany did not automatically accept instant coffee. In some countries, Nescafe marketing efforts concentrated on overcoming the mistaken belief that instant coffee is made from synthetic materials instead of real coffee. Nescafe's competitive success against other European leaders, such as Jacobs and Tchibo, is based on understanding how aroma, warmth, and the ritual of coffee drinking touch deeply-held consumer values. Conscious effort to relate Nescafe "coffeeness" to different types of coffee drinkers and usage occasions allowed consumers to determine the brand's meaning and appeal in many regions around the globe.

Firms that chose to position brands differently in accordance with local market realities may represent future challenges to the organization. As the brand matures in the market, the organization finds itself in need to optimize the success achieved in one market to reach more global consumers. In this case, to target similar market segments elsewhere, creating a broader market position in other markets requires more research and development. For Nestlé to build a successful brand in the US market meant focusing on loyalty as a primary segmentation base. Instant coffee by Nestlé leveraged its success in non-coffee consuming cultures to appeal to attitude and usage patterns of other world cultures.

As previously stated, there is a clear desire in the existing literature to connect brand positioning and segmentation in world markets. In order to better define the parameters of this relationship, two empirical studies were conducted to examine the interaction of brand positioning and segmentation decisions in world markets.

Research model and hypotheses

The appeal of similar brand benefits, similar patterns of purchase and consumption behavior, and specific shared values should be the focus of strategic response to market segments that transcend the geographical boundaries globally. Global marketers often target lifestyle similarities. For example, targeting outdoor lifestyles allows Weber barbecues to enjoy great popularity in Los Angeles and Johannesburg. Those who love outdoor cooking may live in diverse regions characterized by very different value systems, but similarities should dominate comparisons of segment members.

Figure 2 illustrates a research framework of the integrated approach to link segmentation bases with strategic brand positions.

Research hypotheses

Four hypotheses were developed to examine the relationship between three types of segmentation bases and brand positioning. The first three hypotheses examine the level of utilization of segmentation bases (hybrid-, micro-, and macro-levels) and the choice of brand positioning strategy options for world markets. Hypothesis four examines perceived degrees of similarities in targeting world segments in association with the perceived degree of harmonization in the choice of a firm's brand positioning strategy:

H1. Hybrid bases of segmentation that include both relevant macro-level (i.e. geographical and economic) as well as appropriate micro-level variables (i.e. lifestyle and behavioral) will be significantly related to global brand positioning strategy.

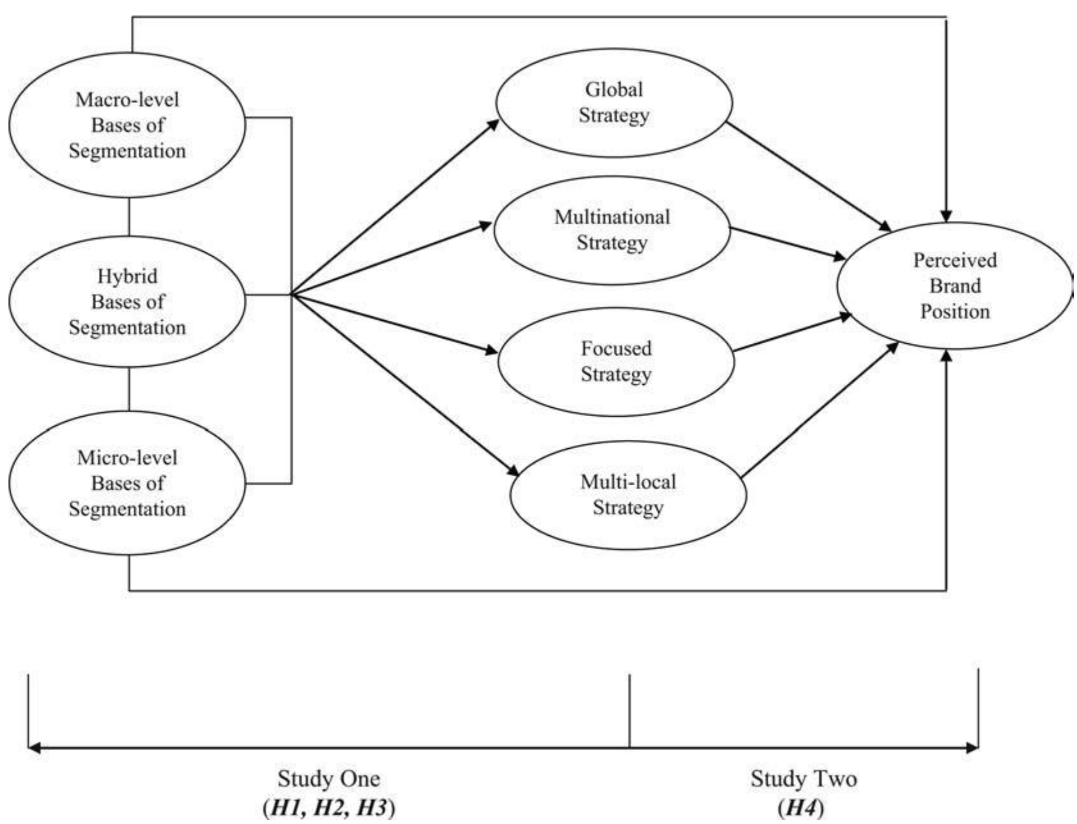
H2. Micro-level bases of segmentation that include relevant variables (i.e. lifestyle and behavioral) alone will be significantly related to Multi-local brand positioning strategy.

H3. Macro-level bases of segmentation that include relevant variables (i.e. geographical and economic) alone will not be significantly related to any of the brand positioning strategy options.

H4. Perceived degrees of similarities in targeting world segments are associated with the perceived degree of harmonization in the choice of a firm's brand positioning strategy.

This research model is reflective of the following major developments in the literature:

Figure 2 Research framework linking segmentation bases with brand positions



- Integrating country variables with behavior patterns (Hsieh, 2002).
- Not assuming total homogeneity of the country segment (Agarwal, 2003).
- Acknowledging the existence of a degree of similarity across national boundaries (Hung *et al.*, 2007).
- Considering the bases of segmentation to be dynamic in nature (Broderick *et al.*, 2007).
- Defining brand positioning strategy options as a matter of degree (Ha *et al.*, 2009).

The integrated research framework presented here (see Figure 2) assumes that treating each country as a totally homogeneous market is not realistic (Jain, 1989). The basic ideas of the integrated approach are:

- It assumes various degrees of heterogeneity and homogeneity in buyers' preferences for global brands.
- Any degree of preference heterogeneity or homogeneity for global brands can be attributed to both macro-bases (i.e. country factors), micro-bases (i.e. behavioral variables), and any combinations of interactions.
- Any degree of preference heterogeneity can be addressed by introducing adaptive variations in the marketing program.

Research study one

This research study consisted of a mail survey targeted to high-level managers involved in segmentation decisions with a focus on the international arena. A structured questionnaire was mailed to 1,097 segmentation decision makers drawn from a list provided by the Institute for International Research. The contact names were selected at random from a listing of over 150,000 managers who are listed in the segmentation section of the Institute's database.

Respondents received a three-step integrative mailing beginning with a warning letter asking for participation, a letter accompanying the questionnaire, and a post-card reminder. Respondents were provided with a postage-paid business reply envelope. As an incentive, a charitable contribution of one dollar was made to the respondent's choice of three charitable organizations for each completion. In addition, the respondents could request a summary report of the results of the data collection. The study resulted in 112 completions for a response rate of 10.2 percent.

Table I provides a summary of the experience level of the participants in the study. It is noteworthy that the participants' average in excess of 12 years' experience in international marketing and just less than 10 years' experience in their respective organizations.

Key measures

The study captured the degree of use of macro-level segmentation bases. The questionnaire utilized 14 macro-level segmentation bases from the literature (see list in Table II). The respondents were asked to rate how each factor is used on a seven-point scale with 1 representing "never used" and 7 representing "always used." The study ($n = 107$) established the scale as having high reliability with a Cronbach's alpha score of 0.9040. The respondents were asked to rate how often each factor is used as part of their international segmentation decisions.

Also, the questionnaire utilized 22 micro-level segmentation bases drawn from the literature (see list in Table III). The respondents were asked to rate each within-country bases on a seven-point scale with 1 representing "never used" and 7 representing "always used." The study ($n = 98$) established the scale as having high reliability with a Cronbach alpha score of 0.9217. In addition, the study captured the utilization of the four brand positioning strategies corresponding to the matrix in Figure 1. Each respondent was asked to rate each brand positioning strategy option on a seven-point scale with 1 representing "never used" and 7 representing "always used."

Table I Characteristics of study participants

	n	Mean	Std deviation
Years involved in international marketing	112	12.05	8.15
Number of years with organization	112	9.55	6.85
Years in current position	112	4.25	3.42
Years in industry	112	15.27	10.05

Analyses

The first step in the data analysis was conducted via principle components analysis – a form of factor analysis. The resulting factors were rotated via Varimax rotation and Kaiser Normalization for the purpose of aiding analysis. As a condition of running the factor analysis, coefficient alpha was used to assure interim reliability.The current research identified three underlying macro-level segmentation bases including:

1. macroeconomics;
2. geo-demographics; and
3. macro-cultural factors.

In addition, there appear to be four underlying micro-level segment bases including

1. demographics;
2. attitude and usage;
3. micro-culture; and
4. brand loyalty.

As will be discussed, the results of the current research holds important implications for understanding segmentation in the global market and for the strategic positioning of brands relative to defined market segments.

The next step in the analysis was to determine the relationship between segmentation bases and strategic brand positioning option as per the study research design presented in Figure 2. Toward that end, four regression models were constructed utilizing the seven segmentation bases derived from the factor analyses as the independent variables and each strategic positioning option presented in Figure 2 as dependent variables. The results of the regression analyses are presented in Table IV.

Discussion of study one findings

Global market segmentation can be viewed as the process of identifying segments whether they are country groups or individual buyer groups, of potential customers with homogeneous attributes who are likely to exhibit similar buying behavior patterns. There are four different approaches for global segmentation:

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Table II Factor loadings of macro-level segment bases – rotated component matrix

Questionnaire Items	Macroeconomic	Macro-cultural factors	Geo-demographics
Country level of economic development	0.848		
Country legal/regulatory environment	0.789		
Level of industrialization	0.777		
Form of government	0.759		
Political stability	0.755		
Country level of technological innovation	0.730		
Country per-capita income	0.651		
Communication infrastructure	0.618		
Market-orientation of economy	0.597		
Type of dominant religion		0.811	
Language of country		0.718	
Cultural identity		0.576	
Geographic location			0.775
Population demographics			0.714
Reliability measure (alpha)	0.9148	0.6621	0.4678

Notes: Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser Normalization; A rotation converged in six iterations; Loadings below 0.46 have been suppressed

Table III Factor loadings of micro-level segment bases – rotated component matrix

Questionnaire items	Micro-demographics	Attitude and usage	Micro-culture	Brand loyalty
Age	0.850			
Income	0.815			
Gender	0.781			
Education	0.768			
Family size	0.747			
Lifestyle	0.708			
Occupation	0.651			
Buyer needs		0.877		
Buyer wants		0.867		
Segment size		0.676		
Product benefits		0.674		
Attitude toward product		0.631		
Religion			0.838	
Ethnicity			0.771	
Regional identity			0.721	
Urbanization of dwellings			0.583	
Language			0.528	
Social class			0.472	
Degree of existing loyalty				0.843
Degree of potential loyalty				0.823
Frequency of product use				0.651
Personality				0.467
Reliability measure (alpha)	0.8646	0.7470	0.3673	0.8233

Notes: Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser Normalization; A rotation converged in seven iterations; Loadings below 0.46 have been suppressed

1 Identifying similar world markets that demand similar brands (that is, "global strategy" giving more weight to hybrid bases of segmentation factors).
2 Targeting different segments in different countries with the same brand (that is, "multinational strategy" emphasizing geo-demographic factors plus attitudinal factors) (Takeuchi and Porter, 1986).
3 Identifying similar segments present in many or most countries (that is, "focused strategy" striking a hybrid balance between micro-culture and usage behavior).
4 Emphasizing on different segments that demand different brands (that is, "multi-local strategy" where strong local brand loyalty is unique in terms of product attributes and usage patterns).

Table IV Regression analysis of strategic positioning options and segmentation bases

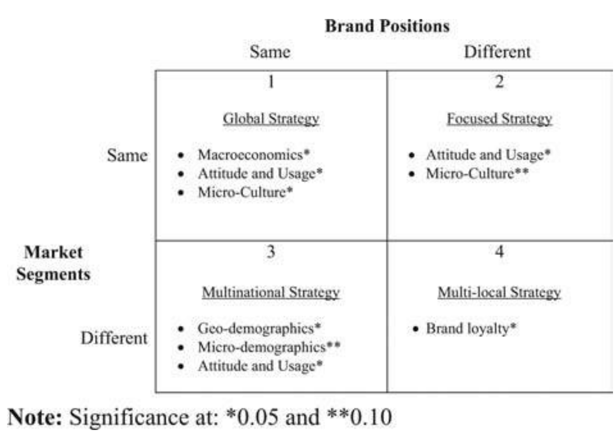
Independent variables (standardized beta coefficient)	Dependent variable: Similar positioning to similar segments (global strategy)	Similar positioning to different segments (multinational strategy)	Different positioning to similar segments (focused strategy)	Different positioning to different segments (multi-local strategy)
Macroeconomic	0.240*	0.065	0.011	−0.145
Macro-cultural factors	−0.181	−0.021	−0.203	0.073
Geo-demographics	−0.006	−0.239*	−0.005	−0.036
Micro-demographics	0.018	0.208**	0.132	0.176
Attitude and usage	0.241*	0.426*	0.259*	0.192
Micro-culture	0.307*	0.071	0.199**	0.036
Brand loyalty	0.135	0.092	0.147	0.105*
R^2	0.247	0.210	0.128	0.081
F	3.935*	3.187*	1.760**	1.056
Df	7	7	7	7

Notes: * Significant at 0.05; ** significant at 0.10

This hybrid segmentation framework looks at both similarities and differences across world markets. The traditional international segmentation that prevailed in international business literature emphasized geographical differentiation by grouping country and regional clusters (i.e. tendency to minimize similarities and highlight differences). This study points to a clear relationship between the choice of brand positioning strategy and the types of segmentation bases on which to form target market segments. The hybrid segmentation approach, which utilizes both macro and micro-level variables has been shown to be significantly related to the Global strategy, thus supporting *H1*. Additionally micro-level variables, and only micro-level variables were significantly related to the Multilocal strategy, thus supporting *H2*. Supporting *H3*, in no instance were macro-level variables alone found to be significant.

Figure 3 overlays the statistically significant segment bases (Table IV) within the appropriate cells based on the four strategic brand positioning options. Comparing the brand positioning strategy with segment bases yields some important insights. For example, cells 1 and 3 represent achieving similar brand positions in world markets through "global strategy" and "multinational" strategy options, they utilized segmentation variables that include macro-economic, geo-demographics, attitudinal/usage, and micro-culture. In effect, the firms that are aiming to achieve unified strategic brand positions in world markets are using both macro-level segmentation bases as well as micro-level segmentation bases.

Figure 3 Segment-based strategic brand positioning matrix



Therefore, firms with similar brand positioning are using both macro-country segmentation bases as well as behavioral bases. Across cells 2 and 4 which represent different strategic brand positions, micro-level bases of segmentation were the only significant factors. The data suggest that a firm's decision regarding the types of bases to be utilized in segmentation may, in fact, indicate the positioning strategy that this particular firm is undertaking. Consequently, firms must evaluate the types of segmentation bases utilized in order to have a better emphasis on the intended strategic market position.

Research study two

The second study utilized a convenience sample of segmentation decision makers from firms representing a wide range of industries. The study used a key informant methodology where respondents were independently screened as to their ability to respond. Key informants are not selected to be statistically representative but are chosen because they possess unique knowledge on the topic of interest (Kumar *et al.*, 1993). Utilizing key informants in strategy research is appropriate in circumstances where the likelihood of randomly locating respondents with in-depth knowledge is low (Seidler, 1974). This study is based on a panel of international marketing experts composed of 30 informants from diverse industries like fast moving consumer goods, marketing research consulting, services, and manufacturing. Özsomer and Altaras (2008) note that a person unfamiliar with global brands may have the "somewhat abstract idea that global brands are the same everywhere". To avoid such perception biases, the panel was selected to include globally knowledgeable participants that represent's five different countries from four continents.

The objective of this study was to evaluate the perceived association between global brand positions and world market segments. Each expert panel participant received an online survey where he/she was confronted with a list of the "100 Best Global Brands" by Interbrand/*BusinessWeek*. This list of

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companies included images of corporate brands with hyperlink to the web site of the *BusinessWeek* listing on how each brand is ranked globally. Each panel expert was asked to provide responses on a scale ranging from 1 to 10 on how they rate these brands related to the following two questions:

1 On a scale ranging from 1 to 10, please rate how the following corporate brands target world-market segments – where: "10" = very similar market segments across the globe and "1" = very different market segments across the globe.
2 On a scale ranging from 1 to 10, please rate how the following brands are positioned on a world-wide basis – where: "10" = very similar brand position across the globe and "1" = very different brand position across the globe.

Each panellist was asked to assign a value of "0" to I do not know answers or was allowed to skip the question. This way a respondent who is unfamiliar with either the brand positioning or the brand's segmentation strategy would not influence the findings.

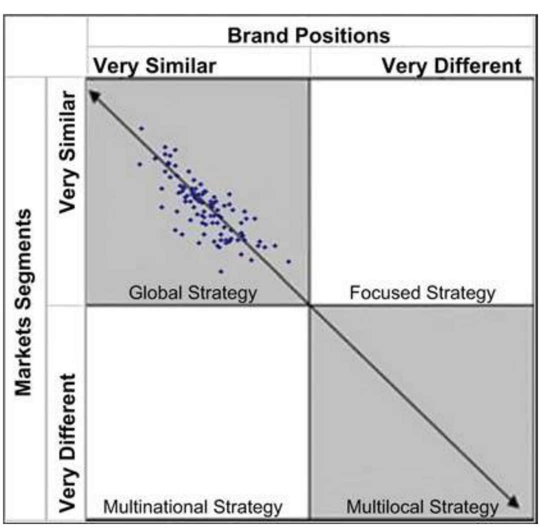
This method of surveying expert panellists was validated, deemed valuable, and responses were ranked using the Amabile (1996) consensus assessment technique (CAT) where higher scores define the most consciences agreement as assessed by this expert panel. The total scores (N) were 2,344 for positioning and 2,307 for segmentation. A Kolmogorov-Smirnov test indicates that the distributions of these scores were approximately normal (*positioning* = *p-value 0.01* and *segmentation* = *p-value 0.01)*, while the scatter plot chart (see Figure 4) shows the average expert rating form a consensus agreement skewed to the upper left quadrant. This is consistent with prior research and confirms that aligning brands with broader and more homogenous global segments will achieve higher levels of performance in the marketplace as evident in the top status of "100 Best Global Brands" (Kiley and Helm, 2009).

Findings of study two

With position and segment scores averaging 7.3 and 7.0 respectively, both scores are found to be significantly larger ($p < 0.01$) than the critical values of the global strategy cell minimums of 5 (position) and 5 (segment). The correlation coefficient of individual panel member ratings is 0.396 ($p < 0.001$). Therefore we can conclude that perceived similarities in targeting world segments are associated with the perceived harmonized brand positioning strategies (*H4*). Coupling these results with the fact that the brands are the top global brands as judged by Kiley and Helm (2009), we can conclude there is a benefit to the best brands or harmonizing brand positioning and segmentation strategies.

When these results are taken in conjunction with study 1, the main outcome that can be safely concluded as a valid interpretation of this paper's theoretical and empirical analysis is that there is a positive association between global positioning and world market segmentation strategies and with the globalization of the world markets, there are more opportunities to create market potential through stimulating demand for brands with universal appeal. The association between intended strategic brand positions with market segmentation decisions is a methodology in which a global perspective can be adopted to enhance brand appeals worldwide. The objective is to reveal in different countries, regions and/or clusters of countries, groups of buyers having the same expectations and requirements *vis-à-vis* brand strategies, despite cultural and national differences, in other words, targeting the changing global consumers. Those segments, even if they are relatively small in size within each country/region/cluster, may represent in total a very attractive market opportunity for the global marketer. To adjust to local discrepancies, the physical product or essential aspects of a service package can be customized through peripheral services, accessories, or inexpensive modifications. The potential for globalization is not the same for each product category and different approaches can be adapted.

Figure 4 Scatter plot of results from the expert panel



Discussion of study two findings

Of the four strategic brand positioning options, "global strategy" and "multinational strategy" are argued to be the most likely to give the firm a significant competitive advantage, because unified brand image can be leveraged across markets (that is, globally transcending distinctive competency). This gives the brand a perceived reputation and coherence in image and positioning which is internationally reinforced. The other two positioning strategies have the merit of taking into consideration differences among target markets and of introducing adaptations to accommodate these differences or focusing their marketing offerings to excel in a specific segment(s) (Lambin, 1997). Nevertheless, the later strategies (i.e. "focused" and "multi-local") could exhibit disadvantages of either high cost of differentiation or limited economies of scale focusing along with running the risk of vulnerability to drastic local market changes.

Conclusions

This paper addressed a key aspect of global branding strategy. It is concluded that bases of segmentation can indicate brand positioning strategies and subsequently have an effect on the brand perception in world markets. This paper investigated how a battery of segmentation bases whether they are country factors or buyer behavior variables are likely to exhibit influence on brand positioning strategies perceived positions in world markets. There are four different strategic approaches for global brand positioning:

1 Developing a homogenous market position for the brand through identifying and targeting buyers, wherever they are in the world, that exhibit similar behavioral responses toward the brand.
2 Targeting different segments in different countries with the same brand appeal.
3 Aligning the brand with segments present in many or most countries based on locally defined segmentation bases.
4 Focusing on different segments that demand uniquely differentiated brand.

The traditional segmentation approach that emphasizes nation-based geo-demographic factors was found to minimize similarities and highlight differences. The hybrid approach actively seeks homogeneity in the positioning of the brand, image, marketing tools and advertising message, while the multi-local approaches to global market segmentation maintains emphasis on differences from market to market. The ultimate agenda, however, is not to have an identically uniform brand positioning worldwide, rather the strategic marketing end is to come up with a brand positioning that is as standardized as possible, while recognizing that allowances for some local conditions are sometimes both necessary and desirable (Keegan and Schlegelmich, 1999).

Managerial implications

The two reported studies have clear managerial implications for firms involved in marketing outside of their home country. First, the literature reviewed shows that buyer needs are converging in key markets across national boundaries. This represents both a challenge and opportunity for marketing organizations. One means to address this convergence is to target buyers who share important characteristics relative to the firms' products and brands that transcend across countries. The current study clearly suggests to managers that global strategies for brand positioning might be targeting segments based on hybrid factors as demonstrated through research frameworks in Figures 1 and 2. The two studies also provide specific empirical evidence for the critical importance of aligning the strategic position of the brand with world market segments based on a battery of multidimensional factors used as identifiers.

Many managers involved in segmentation use a single set of segmentation basis when making segmentation decisions. There are several good reasons for not limiting segmentation design to a single type of variable, and to integrate multidimensional criteria supported by this research. A segmentation scheme based solely on a single strategic basis may have comparatively limited utility to the firm. The effective use of hybrid bases or multidimensional segmentation factors in conjunction with an appropriate brand positioning strategy may have clear positive implications to enhance the leadership role of the brand in global markets. The strategic implications of effective alignment between the intended brand position and the segmentation strategy are fourfold. First, effective segmentation will lead to cost efficiencies resulting from reduced duplication of effort in multiple markets where similar segment members are represented. Second, segmentation can be the means for opportunities to transfer products, brands, and ideas across subsidiaries in different countries or world regions. Third, significant market expansion opportunities result with the emergence of inter-market segments such as global teenagers and socioeconomic elite. Finally, enhancing our understanding of global market segmentation strategies will pave the way for more effective brand management decisions that may result in better market performance.

Future research

The conceptual and empirical findings of this paper pave the way for embarking on promising and relevant research that is needed to substantiate and enrich the academic understanding and managerial practice of aligning the global brand positioning strategies with market segmentation options. Consequently, four main research frontiers can be recommended based on this study to extend the boundaries of the area of global brand positioning and address the concerns of market segmentation researchers and strategists aiming to comprehend and utilize effective global strategies.

First, why and when should global marketers pursue hybrid segmentation strategies? This research question addresses the rationale underlying hybrid global market segmentation and would be expected to produce analytical tools for the evaluation of each market's different needs and its corresponding product offerings. Such research ought to be conducted with a view toward making economic and managerial sense of global market segmentation strategies with special reference to the dimensions of accessibility (i.e. market segmentation transaction costs) and substantiality (i.e. segmentation-related economies of scale).

Second, how can global marketers achieve the logical design of hybrid market segmentation that will facilitate establishing a coherent positioning strategy? This research stream would be expected to tackle the "know-how" issues of hybrid global market segmentation. Such research efforts should strive to pinpoint how the features of segmentation bases, targeting agendas, and targeting techniques can be conceptualized and adopted on empirically-grounded policy guidelines to augment positioning decisions made and translated into a relevant and effective marketing mix designs.

Third, what are the implementation issues relevant to the adoption of hybrid global market segmentation? Answering this research question should happen through examination of the success or failure of adopting hybrid global market segmentation strategies. Such research should be expected to raise a number of issues related to the effectiveness of global marketing research and marketing information systems that help support the implementation of segmentation and positioning strategies.

Fourth, how can hybrid global market segmentation and positioning strategy be monitored, benchmarked, and evaluated? This final research stream should address the vital need to measure the differing contributions of hybrid global market segmentation strategies to positioning effectiveness and the firm's other strategic marketing ends.

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefits of the material present.*

One of the more common issues facing marketers in today's global business environment is how to segment their markets across the world. Studies into this issue are time-consuming and costly, yet essential to aims of improving performance and successfully positioning the brand. The challenge is to identify different segments and then position the brand relative to each one.

To date, most researchers have adopted a somewhat narrow focus when considering international segments, often relying mainly on geographical factors. But globalization has blurred national boundaries to an extent that marketers need to consider additional variables when creating segments. To this end, behavioral and lifestyle factors might be pertinent.

According to some scholars, there are inherent limits in using macro-elements to segment markets. This approach uses variables which are country-specific and does not consider behavioral differences within country segments. In addition, some homogenous segments transcend national boundaries but this is not accounted for either.

Given these limitations, segmentation based on micro characteristics is regarded in some quarters as more feasible. Consumer-related aspects are at the core of this approach to segmentation. In part, such thinking has emerged in response to belief that consumer needs are generally becoming more homogenous to a degree that the creation of global segments is a valid option. Marketers have thus considered segments based on psychographic and lifestyle features, attitudes towards imported products and country-of-origin (COO) effects. One consequence is an acknowledgement that 'clusters of countries with similar characteristics' can be the basis of some segments.

Consequently, researchers perceived that the best solution is to adopt a process of "selective standardization" to effectively target these segments and those which are global or country-specific. Nations displaying similar cultural and socio-economic features are ideal cluster partners. Firms can then group individual consumers within these clusters, while ignoring geographical boundaries.

A major challenge facing marketers is the task of aligning segmentation and strategic positioning decisions. It raises questions about uniformity of brand image across the world and whether brands should be positioned the same everywhere. A shortage of studies linking the two issues compounds the difficulty. However, gaining awareness of between-market similarities and differences is seen as fundamental. Scholars also believe that companies can achieve economies of scale if managing to "standardize brand appeal and marketing programs" to international segments.

Evidence is inconclusive about how the degree of segmentation impacts on brand position. Researchers have identified and labeled various strategies used by leading organizations depending on their segmentation and positioning objectives:

- Global strategy, whereby the brand is similarly positioned to global segments which are broadly alike in nature.
- Focused strategy. This could involve positioning the same product in different ways to account for cultural disparities between separate markets.
- With a multi-national strategy, companies can exploit brand appeal to market the same brand to different segments in different nations.
- A multi-local strategy takes into account what a specific product means to different segments around the world to position the brand accordingly.

Companies may find their most significant threats coming from rivals that vary the position of their brands depending on local market characteristics. Brand maturity could demand that such companies exploit their achievements in other markets in order to meet such challenges.

Hassan and Craft explore these issues further in two studies. Hypotheses were developed in order to consider relationships between different approaches to segmentation and brand positioning. Perceived levels of segment similarities and perceived levels of "harmonization" in the brand positioning strategy deployed were also investigated.

In this research, it is not considered realistic to regard each nation as a "totally homogenous market". Likewise, varying degrees of heterogeneity or homogeneity are assumed in consumer preferences for global brands. Either or both macro and micro factors can be determinants of this.

In the first study, top managers involved in internationally-oriented segmentation work were invited to complete a structured questionnaire by mail. A total of 112 usable responses were obtained. Subjects were asked to indicate how often they used various macro-level and micro-level factors when making international segmentation decisions. Ratings for each brand positioning strategy were also obtained.

Macroeconomics, geo-demographics and macro-cultural factors were identified as underlying bases for macro-level segmentation. For micro-level segmentation, underlying bases appeared to be demographics, attitude and usage, micro-culture and brand loyalty. Study data indicated that:

- Hybrid segmentation bases containing macro-level geographical and economic variables and micro-level lifestyle and behavioral variables are strongly associated with a global positioning strategy.
- Micro-level segmentation using lifestyle and behavioral factors alone is strongly related to a multi-local brand positioning strategy.
- Segmentation based solely on geographical and economic macro-level bases is not strongly linked to any of the brand positioning strategies.

Evidence suggested that companies striving to secure "unified strategic brand positions" in world markets utilize both macro and micro-level segmentation bases. For brand positions different to these, only micro-level bases are significant. From this, the authors conclude that a clearer emphasis of the intended brand position can be achieved by carefully selecting which segmentation bases are utilized.

A panel of segmentation decision makers was used for the second study. The 30 subjects were chosen because of their unique knowledge of the topic. Participants were "globally knowledgeable" and represented different industries, nations and continents. An online survey was used to elicit how subjects evaluate the perceived connection between world market segments and global brand positions. They were asked to indicate their opinion of how leading corporate brands target world-market segments and how the brands are positioned worldwide.

Following analysis of subject responses, the authors reason that global brands can profit from the harmonization of their brand positioning and segmentation strategies. They also note the "positive association between global positioning and world market segmentation". An additional observation is that market globalization has created extra opportunities for brands boasting universal appeal.

Exploiting this situation needs brand strategies that effectively target consumers whose expectations and demands are similar regardless of any national or cultural differences. Such segments could span countries or regions and be comparatively small in size, yet might still represent a lucrative marketing option. Hassan and Craft suggest ways in which to customize the core product or service to satisfy local idiosyncrasies.

Attaining competitive advantage might be likelier with global and multinational strategies that leverage a consistent brand image across different markets. The focused and multi-local strategies do not provide the same scope to reinforce a brand's reputation as widely. High costs associated with differentiation are another possible negative.

This study highlights the limitation of a conventional segmentation approach reliant on country-specific demographic factors. The recommended alternative is largely standardized brand positioning which permits some adjustment for local conditions. Marketers should target consumers from different nations who share key characteristics deemed relative to the firm's products and brands. The authors assert that using these "multidimensional segmentation factors" together with suitable brand positioning can help improve the brand's global profile.

Aligning brand position and segmentation is: cost effective, a source of opportunity to transfer the firm's offerings across national or regional boundaries, a platform for market expansion opportunities, and a means to further improve brand management.

Future research could ascertain the ideal conditions for using segmentation and positioning strategies, while also examining design, implementation, monitoring, benchmarking and evaluation issues.

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