The Delicate Balance Between Standardization and Localization in Global Branding

Amanda McCormick MBA '04
1. Introduction

Every major global company continually faces the decision whether to standardize its international branding strategy or customize branding tactics to meet local preferences. While some level of consistency is essential to the brand’s success, a certain amount of freedom to react to the local environment can benefit the brand as a whole. Every company must balance these opposing strategies and arrive at a point that they feel maximizes their brand’s potential; however, the assessment of where this point lies could be quite different for each individual business.

This paper compares the strategies of Petit Bateau and Diesel, two retail companies operating in the fashion industry. While one company chooses to adapt to local conditions as they evolve, the other pursues a standardized implementation of its brand. Each strategy is successful in its own right because, while the two brands operate in a similar industry, they are facing very different target audiences. Petit Bateau’s changing customer demographics require a localized strategy, whereas the similarities among Diesel’s worldwide customer base allow the company to benefit from a more consistent approach to branding.

2. Petit Bateau: Localized Branding for a New Customer Segment

Founded in 1893, Petit Bateau manufactures and sells children’s and baby clothes known for high quality and particularly soft fabrics. From its roots as a purely French brand, Petit Bateau has expanded to a network of 140 stores in the United States, Germany, Italy, Japan and other countries. Perhaps the brand’s most interesting development, however, is its recent adoption by young women and adults in the United States and the company’s cultivation of this new, organically grown customer base.

Petit Bateau’s brand identity of comfort and quality has remained consistent around the world. This standardization begins at the operational level with the clothing’s design, fabric selection and manufacture and extends to the company’s marketing efforts. For example, the company’s logo and blue-and-yellow color scheme remain consistent in all countries (see figure 1). Additionally, the company’s French (http://www.petitbateau.fr/) and American (http://www.petitbateau.com/) Web sites are identical in every aspect, except that the latter’s text has been translated into English (see figure 2). In order to capitalize on the allure of the company’s French heritage, Petit Bateau decorates its retail stores throughout the world with the same French-text posters used in its home market (see figure 3). This desire to emphasize its French roots also has led the brand to present the text on all hang tags in both French and English rather than limit these messages to only the local language.
These standardized elements of the brand provide Petit Bateau customers with similar experiences whether they shop in the United States, Japan or any number of other Petit Bateau markets. However, a very interesting phenomenon has occurred in the U.S. market, causing Petit Bateau to adopt a more localized merchandising strategy. The comfort and soft fabrics that made Petit Bateau’s children’s clothes so popular are now appealing to an older audience of women who are buying the merchandise for themselves. Worn as baby tees by women in their 20s and 30s, Petit Bateau T-shirts have become very trendy, causing the company to adjust its product assortment in the United States to carry more clothing in the larger children’s sizes. The front half of U.S. stores are dedicated to Les Grands (the largest size that Petit Bateau carries), and posters in this area depict young women wearing these clothes (see figure 4).

Petit Bateau has tailored not only its offerings but the feel of the store itself to the U.S. market. Whereas a Petit Bateau store in Paris feels very much like a children’s store, with cluttered aisles and baskets of toys, the Petit Bateau store on Madison Avenue in New York feels much more like a chic boutique, with spacious floors and simple wall-hanging racks (see figure 5). While both window displays of the New York store are devoted to its core children’s clothes shoppers, Petit Bateau has localized its visual merchandizing strategy within the store by placing a larger-size mannequin alongside the child-size mannequins to represent this older customer (see figure 6). The company has also localized its pricing strategy in accordance with the greater spending power of this different target customer, charging $39 at the store on Madison Avenue for a T-shirt that costs less than half that amount in Paris.

These marketing decisions suggest Petit Bateau has struck an appropriate balance between standardization and localization in its international operations. While Petit Bateau has maintained standardized visual cues (such as the logo and color scheme) and core values (such as quality and comfort), it has localized its product assortments and merchandizing strategy in order to capitalize on customer demand in specific markets. The brand has not lost its roots as a baby/children's clothes manufacturer, but acknowledges and capitalizes on this new opportunity to sell to adults. These two complementary forces are evident on the company’s Web site. While stating that Petit Bateau is “completely focused on childhood and its values” and providing a children's sizing scale only, the site reveals the company’s awareness of this new U.S. market trend by adding that “Petit Bateau conspires with grown-ups who grab kids clothes for their own pleasure and to feel good.”
3. Diesel: A Standardized Approach to Global Branding

While Petit Bateau has achieved success by localizing its product assortment and merchandising, the clothing retailer Diesel has maintained standardization in almost every aspect of its brand. Founded in 1978, Diesel has grown from an Italy-based manufacturer of jeans into a fully international retail brand. The company's products are very trendy and are targeted toward a consumer concerned with being on the cutting edge of fashion.

Diesel's core values of individuality and innovation are represented consistently in all of its countries of operation. The company has also standardized its logo (see figure 7), its shopping bags and its product offerings around the world. Furthermore, the store design has been executed in a very consistent and distinctive manner. For example, every store features the same jeans wall displaying the brand's large assortment of men's and women's jeans (see figures 8 and 9). All of the stores incorporate a high-tech atmosphere and lounge spaces, such as a CD listening station, sitting/reading area or in-store DJ.

Diesel also has standardized its clothing design and sizing. While the company translates sizes into American equivalents, the cut of the clothes remains very slim and in keeping with Italian style. According to one Diesel sales associate, “Our jackets tend to run small because the shoulder width is 14.5–15 inches instead of the more typical 16 inches that Americans are used to, and our armholes are very high, which limits your range of motion.”1 Because the company has not localized its sizing strategy and adjusted the fit to the market, some potential customers may have difficulty wearing the brand's merchandise. While Diesel's standardized design may narrow its potential market, it makes those who prefer the European fit more dedicated to the brand. On balance, therefore, standardization of style need not reduce the brand's appeal.

While Diesel rarely pursues a localization strategy, the brand does attempt to micro-merchandise where possible. For instance, a store on Lexington Avenue that caters to more tourists might offer more T-shirts and products emblazoned with large logos. Another area that lends itself to localization is the translation of product information and hang tags. Where Petit Bateau's emphasizes its French roots by presenting information in both French and English, Diesel presents all information in the United States in English only. Diesel products include the American size scale only and reveal no connection to the brand's Italian roots. In fact, this customization strategy has led most consumers in the United States to assume that Diesel is an American brand, while U.K. consumers assume the brand is British and those in Diesel's home market assume the brand is Italian.

---

1 Sales associate at Diesel store, interview with author, New York, N.Y., October 2, 2003.
Interestingly, Diesel has managed to foster this local identification with the brand despite the company’s highly standardized approach to international operations. The company does not customize its product offerings to a local market, but instead has built a strong and identifiable brand consistent the world over. Diesel has succeeded with this strategy in large part because the brand targets a very specific market segment defined by a particular lifestyle and attitude rather than demography. As the company’s founder, Renzo Rosso, explains, “Diesel is a state of mind: it means being open to new things, listening to one’s intuition and being honest with oneself. We would like to offer consumers a total look which reflects this attitude.” This “state of mind” and “attitude” remain consistent across customers, be they in Japan, France or the United States, allowing Diesel to reach this target customer using a standardized marketing strategy. In fact, Rosso chose the name Diesel precisely because it is pronounced exactly the same in almost every language. The company’s press kit states, “Ever since the beginning, Renzo Rosso believed in addressing the world with one product and one language,” and the nationality-free name Diesel represents an important means of accomplishing this goal.3

4. A Comparison of These Two Strategies in Two Key Markets

Given each market’s importance to Petit Bateau and Diesel, this comparison of the two companies is set within the Italian and American contexts.4 Europeans and other non-Americans frequently criticize the U.S.’s youth-oriented culture. While Europeans accept wrinkles as a fact of life, Americans fight against them in a constant effort to look and feel younger. This phenomenon manifests itself in the hundredfold increase in plastic surgery the United States has witnessed over the last five years.5 This American obsession with youth and fitness affords Petit Bateau an unusual opportunity to extend its target market in the United States. In keeping with these cultural values, American women feel good about themselves when they buy clothing aimed at children, because it supports the feeling that they are young, thin and fashionable.

In contrast, Italian culture is more focused on the family and, in particular, children. Italian consumers appreciate fine children’s clothes and dote on their children to a greater degree. In fact, in a time when the number of children under the age of 14 decreased from 9 million in 1995 to 8 million in 1998,6 Italian spending on childrenswear during the same

---

3 Ibid.
4 The author has lived in both Italy and the United States.
5 According to the American Society of Plastic Surgeons, surgical and nonsurgical procedures increased from 459,799 in 1995 to 5,632,277 in 2001, a 1,125 percent change over the five-year period (Weiss 2002).
period still grew at a significant rate of 8.0 percent (Euromonitor 1999). One possible source of this emphasis on the child might be Italy’s declining birthrate. Whatever its roots, this cultural value creates a wonderful opportunity for Petit Bateau, especially since the brand presents itself as a purely infant/children’s retailer in Italy and does not target young women there as it does in the United States.

Diesel, on the other hand, appeals to the same young, fashion-forward customer in both the United States and Italy, even if the decision to buy is shaped by slightly different cultural values or perceptions. One trend having an impact on Diesel’s market position is the increasing popularity in the United States of urban/modern streetwear and a shift toward a more casual lifestyle surrounding both work and play. For example, the dramatic increase over the last two years in the number of employers allowing employees to wear jeans to work represents a great opportunity for Diesel, whose core product is jeans. In fact, a survey conducted in March 2003 found that 41.0 percent of U.S. employees were allowed to wear jeans to work on a regular basis, and 39.5 percent stated that their work dress code was less formal than it was two years ago. Americans’ increasingly casual lifestyle promises to increase the success of Diesel, a brand that offers almost exclusively casual merchandise.

While Diesel customers in Italy are quite similar in attitude to the company’s American customers, they are not influenced by the same cultural shift toward casual dress. Instead, Italian culture places great importance on fast-moving fashion trends. Consumers want to have cutting-edge clothes and are highly aware of shifts in fashion styles. “Known as the style capital of Italy, Milan is a metropolis that many designers monitor to discover burgeoning fashion trends. Living in such an overwhelmingly fashionable atmosphere, the Milanese are clearly open to trying out offbeat colors, materials and styles” (FN 1998). Diesel’s innovative and edgy product lines succeed in Italy by meeting customers’ demand for fashion-forward merchandise.

Nonetheless, whether targeting the U.S.’s increasingly casual culture or Italians’ desire to be fashion-forward, Diesel appeals to the same youth market in both countries. The consumers’ attitudes and lifestyles are similar, and Diesel’s standardization strategy has created a brand focused on espousing a distinct lifestyle rather than the vagaries of a local market.

---

7 The U.S. childrenswear market also experienced significant growth during this period; it was largely due, however, to the 3.9 percent increase in the population of children under the age of 14 from 1995 to 1998. See Euromonitor (2000) for more information on the U.S. childrenswear market.
5. Conclusion

Based on the examples of Petit Bateau and Diesel, it is apparent that both localization and standardization can be successful in the implementation of a global branding strategy. The most important element for success is an accurate assessment of the market forces currently facing the specific brand and how to best take advantage of this market environment. In the case of Petit Bateau, a new target customer arose, which required a unique, targeted approach. The company accordingly chose to adopt a more localized strategy, which allowed it to customize its communications and product offering for this customer. In the case of Diesel, the strength of the brand is based on its universal appeal to a consistent consumer lifestyle and attitude rather than a specific demographic group. Thus, the company appropriately chose to present a consistent brand image throughout the world. In both cases, the success of the branding strategy is contingent on the company’s accurate appraisal of its customers’ desires and the brand’s fit with these consumer demands.
References