

**BRAND INTERNATIONALIZATION PROCESS:  
THE CASE OF ECOLAB**

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**A RESEARCH PROJECT  
SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE AWARD OF  
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA),  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**OCTOBER, 2014**

## **DECLARATION**

### **STUDENT'S DECLARATION**

This research project proposal is my original work and has not been presented for a degree in any other university.

Signed ..... Date .....

**JAMES KINYUA MURIITHI**

**REG. NO: D61/60862/2010**

### **SUPERVISOR'S DECLARATION**

This research proposal has been submitted for examination with my approval as the candidate's university supervisor.

Signed ..... Date.....

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## **DEDICATION**

This project is dedicated to my dear wife, Mary and two daughters, Abigail and Sarah whose social time had to be sacrificed in order to complete this work.

## **ACKNOWLEDGEMENTS**

This research project has been made possible through the collective efforts of my lecturers at the University of Nairobi and my fellow students whom we worked in close collaboration towards the attainment of this goal. I therefore hereby acknowledge the inputs of everyone who one way or the other contributed towards the successful completion of this study.

Special acknowledgements go to my Supervisor, Dr. Jackson Maalu for his patience, support and encouragement that enabled me to remain focused in order to complete long awaited goal. Ms. Rachel Charo also invested some time reading through my thesis and offering some positive comments. Finally, I wish to recognize the panelists during the defense of the project proposal for their positive contributions that enabled this study to attain the standards set by the University.

## **ABSTRACT**

This study is about the process followed by multinational enterprises in building their brands internationally and the challenges encountered in the undertaking. Today, a Brand is considered as a valuable asset for the firm. It is the only way through which customers differentiate the products in the market place and attribute the premium value based on brand equity. Strong global brands have a stronger appeal when compared to weaker ones this attribute is vital in the progression of business in new markets in the international arena.

The study explores the processes and strategies adopted by firms in their efforts to build global enterprises. Relevant concepts and underlying theories related to the topic have been reviewed in chapter two and later an empirical discussion of related studies. The research design used is a case study of Ecolab which is an American multinational in the B-B commercial sector. An interview guide was used as a means of collecting data from the company and later on the data analyzed through content analysis data analysis technique.

In the final section of the study, conclusions are drawn from the study based on the data collected and analysis of the same. The study recommends further study by reviewing more cases both in the B-B and B-C sectors. Study limitations are then pointed out that could be avoided to better the outcomes of related studies.

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## **ABBREVIATION AND ACRONYMS**

**CIP** – Clean in place

**EL** – Economics Laboratory

**FDI** – Foreign Direct Investment

**NC** – New Castle

**MNEs** – Multinational Enterprises

**UON** – University of Nairobi

**US** – United States

**USA** – United States of America

**NES** – Net Sales

**FCPA** – Foreign Corruption Protection Act

**MEA** – Middle East & Africa

**CEO** – Chief Executive Officer

**B-B** – Business to Business

**B-C** – Business to Customer





# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Global brands give companies competitive advantages such as economies of scale in production and distribution, lower marketing costs, power and scope, consistency in brand image, ability to leverage ideas quickly and efficiently, uniformity of marketing practices among others. The development of the internet plus the rapid growth of global travel for business and tourism have also contributed immensely to global brand expansion. It is therefore imperative that commercial organizations seek to develop their brands across nations and in this way enhance value for their shareholders (Anderson, 2007). In fact, taking its brand on an international level offers great opportunities both for the survival of the firm and its expansion (Melewar and Walker, 2003), but at the same time confronts it with different options concerning its strategic and operational marketing decisions.

Michael et al (2009) defines a brand as a name, a term, a symbol, or any other unique element of a product that identifies one firm's product(s) and sets it apart from the competition. Branding provides the recognition factor products need to succeed in regional, national and international markets. Global brands are products that have gained a wide acceptance amongst customers in the global market arena. Examples of such brands are Heineken, Mercedes, McDonalds and Ecolab. In order to decide which globalization strategy to follow; firms have to consider different marketing targets and marketing factors. As a result of interaction of the marketing targets and marketing

factors that firms face, there are two primary and opposing strategy options available for them to adopt: standardization versus differentiation strategies. (Sousa, 2000).

### **1.1.1 Brand Internationalization**

Brand internationalization can be explained as the effort or processes used by internationalizing firms to market and make popular their brands at the international arena (Piercy (1981) and Turnbull (1985). According to Philip and John (2002), a global brand is the worldwide use of a name, term, sign, symbol, design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Brand internationalization can in this regard be seen as the deliberate sequence of activities or a process through which a company decides to popularize their brand at an international business scale or arena. There is no consensus today in the international marketing literature on a unique terminology for international brands Hsieh (2002); Medina and Duffy (1988). Nevertheless, despite a growing number of terms used in this domain (example local brands, global, post-global, foreign, multi-domestic), it is most common to oppose the global brand that standardizes its marketing across its different markets, to the local brand that adapts its marketing to cultural and socio-economic settings Kapferer (2005). The criterion reflects the importance of the standardization vs. adaptation question in international branding, often considered as one of the major research and managerial problems (Prime and Usunier, 2003).

Social relationships do play a central role in a third area of brand internationalization research referred to as the network approach which suggests that a firm's brand

internationalization strategy emerges as a result of sometimes erratic pattern of behavior influence by a multitude of formal relationship with not only business partners up, down or at the same stage of the value chain, but also with family, friends and so on.

Brand Internationalization is therefore a result of interaction and the development and management of trusting relationships over time. The empirical results of Coviello and Munro (1997) corroborate this view by showing that the internationalization process of small software firms is strongly driven and facilitated by a set of formal and informal network relationships.

### **1.1.2 Ecolab Limited**

Ecolab is an American multinational corporation that is headquartered in St. Paul, Minnesota in the USA. It is a well-known global brand in the provision of hygiene, water and energy services and technologies to the hospitality, food and beverage industries and the energy services sector. Its market segment is industrial and commercial sector and has no product line in the consumer or retail market.

The company was founded as Economics Laboratory (EL) in 1923 by Merritt J. Osborn. It has grown from a single product developed to clean carpets in 1923 to a multinational enterprise (MNE) with customers spread in 170 countries worldwide and over 45,000 employees. ([www.ecolab.com](http://www.ecolab.com)).

In 1992, Ecolab unveiled a new growth strategy, Circle the customer-Circle the Globe. This strategy was aimed at broadening the service to its foodservice, hospitality, healthcare and food & beverage markets. This strategy has been very successful in

growing the business from a billion dollar company in 2000 to over thirteen billion dollars sales revenues in the year 2013 and the same strategy informs the roadmap for future growth, business investment and success. (Ecolab, 2013).

## **1.2 Research Problem**

Brand internationalization may be thought of as a process, an end result or as a way of thinking. A brand becomes increasingly internationalized as it becomes more recognized and accepted in markets outside the domestic boundaries. This may result from a planned and orderly process, or arise from perceived new opportunities or threats (Albaum, Strandkov and Duerr, 2002). Global mergers, acquisitions and expanding markets are only some of the strategies that a company can apply to expand the global reach for its brands. (Buckley 1993).

The fact that Ecolab is a well- known in its industry, the brand today is a clear evidence of successful brand internationalization strategies. The company has grown into a public force and continued expansion into foreign markets, institutional and commercial division has gained markets globally with an estimated revenue exceeding \$ 13 billion and by continually evolving and expanding its array of products and services as well as seeking out new customers for offering, it is hitting down upon a strategy of unending success. (Ecolab annual report , 2013; [www.ecolab.com](http://www.ecolab.com)).

Related studies in terms of brand internalization have been done however these studies were industry specific. Edward Learner, 1994 on International Trade theory in USA

examined that Traditional models have very strong distributional effects, even though trade liberalization may potentially make everyone better off, the movement of the income distribution is always enough to insure that the real income of scarce factors of production falls. Christopher (2000) examined that fashion design retail market has been buoyant in the 1990s growing from £16 billion in 1992 to £24 billion in 1998. Much of this growth has been fuelled by consumers' desire for designer brands. The literature on brand internationalization especially on industrial and commercial sector is sparse. This has led to the interest to study Ecolab as a case to examine the process and the challenges that a firm goes through in its adventure to internationalize its brand and therefore answer the research question: What challenges does a firm encounter in the process of brand internationalization at a global level?

### **1.3 Research Objectives**

The research objectives of this study are;

- i. To determine the process of brand internationalization
- ii. To establish the challenges faced by multinational corporations in the process of brand internationalization

### **1.4 Value of the Study**

Conclusions drawn from this study will add to the existing body of knowledge and assist firms to adopt the most economic and efficient strategies to increase their brand equity in the international markets. The study will also become a source of reference especially for

firms operating in the industrial and commercial sectors of the economy where Ecolab has managed to successfully internationalize its brand.

This study will also benefit the policy makers. It will enable the government of the day to know what factors and infrastructure to put in place in order to encourage foreign direct investments from internationalizing firms that will in turn be beneficial to the population in creating jobs, offering relevant training and exposure.

Companies preparing to begin the process of brand internationalization will also find this study relevant as it will enable them to determine the most appropriate process to follow when undertaking brand internationalization and on ways of avoiding the unnecessary handles or reduce the impact of the challenges in the process. Domestic or regional firms that are expanding into the regional market will also find this study relevant and adopt some of the strategies.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a theoretical foundation of the study regarding the process of brand internationalization that has been documented in the strategic literature; the chapter also presents the empirical evidences and summary of the literature review.

### **2.2 The Concept of Branding**

According to Aaker (1991), a brand is the image that consumers have in mind. It is also the unique characteristics that have been developed all the time in order to differentiate actual products from the competitors (Murphy, 1990). The American Association defines a brand as “a name, term, sign, symbol or design, or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A brand is thus a product or service that adds dimensions that differentiate it in some way from other products or services designed to satisfy the same need. DeChernatony and McDonald (1992) define a brand as “an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added value s which matches their needs most closely.

Brands and branding are by no means a new phenomenon, neither for academics or the business world. It is possible to trace back the use of brands all the way to the Stone Age, when hunters used weapons of specific “brands” to succeed in the hunt (Almquist & Roberts, 2000). It was during the 16<sup>th</sup> century however that brands



similar to those we see today have started to take shape. The increased importance of branding has augmented the attention to the theories behind the concept and this has led to an abundance of branding literature. The literature is surprisingly scarce when explaining the evolutionary development in branding or identifying the cause and effect in the evolution of branding theories. Nevertheless, some authors most notably Holt (2004) and Roper and Parker (2006) have contributed to describing the evolution of branding.

Smith (1956) founded the concept of segmentation as early as in the 1950s, and this has become an important milestone for marketing theories. When looking at heterogeneous market, Smith explained, one could see that it consists of consumers with a diversified demand; yet the market also contains smaller homogeneous markets. Therefore, the market segments could be established by using different variables. These variables vary depending on what category of consumers one is aiming for. These segmentation theories were further developed by Daniel Yankelovich who was of the opinion that many variables have been neglected in the process of segmenting a market. These segmentation variables had earlier been limited to social-economic variables such as consumers' working situation, income, and education, and demographic variables such as age, lifecycle, and civil status. The new variables that were suggested to be included were buying behavior, motive, values, consumer patterns and aesthetic preferences (Yankelovich, 1964).

Another new concept that was explored by Cunningham (1956) in the 1950s was brand loyalty; the concept evoked much debate and became one of the biggest controversies of the time. By the time companies had already invested large amounts in branding; the problem was scarce empirical evidence that the efforts had had any effect. Hence, even though the idea of brand loyalty was strong and consumers were brand loyal in more than 90% of the times while purchasing household goods.

In the early 1960s, another concept was introduced that had a major influence on marketing, namely lifestyle. The first person to discuss the use of lifestyles in branding and marketing was William Lazer. At that time, many companies still had mass communication and mass production as their main strategy; however, it was mainly in the 1970s that lifestyle marketing attracted much attention. Until then, mass production had worked fine for many companies. For instance, General Motors had successfully used this strategy for more than 70years, including during economic depressions and world wars, always with a positive outcome. Yet in the 1970s, GM suffered losses due to the ignorance of volatile consumer lifestyles, which came to symbolize this decade. Companies often used consumers' income as the only variable when segmenting the market; however, this was all to be changed as a result of the emergence of stronger consumer lifestyles (Drucker, 1994).

Martineau (1958) lay the theoretical foundation of brand personality as early as in the 1950s when he established that in spite of the fact that two similar stores could offer the same prices, quality of products, and equally good services, the customers still often

show partiality toward one of the store and not the other. There as on for this behavior, he argued , is the personality of the store. To be able to create the desired personality, one has to use the power of the brand image. That is consumers will always choose the store that presents their own personality and is hence in accordance with how they wish to be perceived. While economic factors will always be important for consumers, if the product and store personality do not correspond to the consumers' personality, no campaigns or sales will be of any help. Even though Martineau put much emphasis on store personality, he also made it clear that what holds true for store personality applies to brand personality as well.

### **2.3 Brand strategies for global brand**

According to Saxena (2012), there are four brand building strategies that can be employed by firms in developing their brands globally: Brand Domain, Brand reputation, Brand affinity and Brand recognition.

Brand domain specialists are experts in one or more of the brand domain aspects (products/services, media, distribution, solutions). A brand domain specialist tries to pre-empt or even dictate particular domain developments. This requires an intimate knowledge not only of the technologies shaping the brand domain, but also of the pertinent consumer behavior and needs. The life blood of a brand domain specialist is innovation and creative use of resources.

Brand reputation specialists use or develop specific traits of their brands to support their authenticity, credibility or reliability over and above competitors. A brand reputation specialist needs to have some kind of history, legacy, or mythology. A brand reputation specialist has to have a very good understanding of which stories will convince consumers that the brand is in some way superior.

Brand affinity specialists bond with consumers based on one or more of a range of affinity aspects. A brand affinity specialist needs to outperform competition in terms of building relationships with consumers. This means that a brand affinity specialist needs to have a distinct appeal to consumers, be able to communicate with them affectively, and provide an experience that reinforces the bonding process.

Brand recognition specialists distinguish themselves from competition by raising their profile among consumers. The brand recognition specialist either convinces consumers that it is somehow different from competition, as is the case for niche brands, or rises above them by becoming well known among consumers than the competition. The latter is particularly important in categories where brands have few distinguishing features in the minds of consumers. In some cases, a brand recognition specialist needs to be able to outspend competition to gain in unbeatable levels of awareness. In other cases, a brand recognition specialist needs to convince a loyal following of consumers that it is unique.

#### **2.4 Challenges in Brand Internationalization**

According to Saxena (2012), the main challenges that global brands face in internationalization can be summarized into six. One major shortcoming faced by brand

leaders is to focus on the short term returns. Brand is a long term asset and must not be distracted by short term interests that may dilute it and make it fail in the long run. Due to changing consumer's tastes and the multiplying competition in the complex international market, a brand must maintain consistent quality and performance in order to sustain acceptance in the market. The company must continuously innovate and maintain good customer relations through their customer touch points so as to create brand loyalty among existing users. The next challenge is the ability of the brand to maintain emotional appeal in order to communicate the brand message considering the many choices before the customer in the international market. Diversity of culture in the international market is yet another major challenge met by the global brands. Culture refers to how people in a society interact, what they believe, how they make decisions and what meanings they attach to certain representations. Cultures are very dynamic but develop through intergenerational and interpersonal learning and experience. A global brand must be able to positively interact and gain acceptability to consumers with diverse cultural backgrounds in different world markets. The next challenge that has to be overcome by international brands is economic, legal and political environments that exist in different world markets. Finally, MNEs have to devise and establish the most effective distribution channels for their brands in the international markets. A distribution channel decision is vital and rigid, that is expensive to change once decision is made.

## **2.5 Empirical Review of the Literature**

A lot of research has been conducted in the field of international business and on branding and much effort has been made in establishing acceptable approaches of firm in

pursuing their brand internationalization objective. This section reviews the existing research in order to have a clear view and access different opinions of the subject matter.

Luostarinen & Hellman (1993) in their work which was based on a study of small family firms in Finland approach of internationalization embraced outward processes, their work fortified the traditional approach with the notion of inward internationalization, that is buying of raw materials, components, technologies, or goods to be resold and outsourcing as a means of gaining internationalization.

Traditional approaches have tended to neglect the important of inward processes for the firm's internationalization, although at the strategic level, inward and outward-type processes are closely linked. A further distinction was made in this model by identifying co-operative processes as a specific form of outward processes.

Dunning's (1988, 1993) in his work expressed different view on how firm internationalize. His view was based on harnessing the opportunities available in the international market. He therefore addresses the aspect of foreign production in multinational enterprises (MNEs). In his view, the focus of MNEs was how to exploit ownership (O) and location (L) advantages by internationalizing (I) markets rather than following a traditional model of internationalization. According to his findings, MNEs will launch production where they can best utilize competitive advantages (due to market imperfections), as defined by the OLI-parameters. The OLI model acquires a dynamic dimension by inclusion of two additional mechanisms, i.e the other operators in the market (interaction between firms) and the time interval between realization of strategic

change and the materialization of its results. The dynamic and incremental nature of the process is explained through accumulative cycle, in which the results of decision-making on OLI-parameters feed into subsequent decision-making cycles.

Bernard and Jensen (2007) on firms in international trade reviewed that research in both theoretical and empirical international trade increasingly focuses on firms and products in addition to their traditional focus on countries and industries. This shift in emphasis is driven by a wealth of evidence indicating that firms that trade differ substantially from those that do not, and that these differences have important consequences for evaluating the gains from trade and their distribution across factors of production. Some of these consequences complement traditional insights; others are new.

## **2.6 Summary of Literature Review**

Despite the availability of various research findings, no concrete conclusion has been made on how firm should enter international market. Most studies tended to focus more on the traditional approaches without tackling real and practical challenges encountered in the process of internationalization of firms. Literature on brand internationalization is scarce and especially on industrial and commercial brands. This is a clear indication that more in-depth study needs to be carried out on the best approaches of brand internationalization to reduce the challenges encountered in the process.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter deals with the process of collecting, organizing and integrating data in order to achieve the project objectives. It aims at providing insight on how the research was done and the basis on which conclusions were reached.

### **3.2 Research Design**

The researcher applied a case study design for this study. According to Kothari (1990), a case study involves a careful study and complete observation of a social unit – a person, institution, family, a cultural group or an entire community. Most qualitative research is a form of case study and emphasizes on in-depth and content rather than the breath of the study. For this study, a case study approach was deemed appropriate. Researching the process of brand internationalization through a case study allowed the researcher to use existing concepts and own observations as a tool in collecting and analyzing the data.

### **3.3 Data Collection**

The study used both primary data and secondary data relevant to the objectives of the research. Primary data was collected by means of an internet-linked teleconference with the respondent with the help of an interview guide. The respondents consisted of the Executive Vice-President in charge of the Middle East and Africa (MEA) region and the Corporate Communications Manager. These are members of the regional management team and are well aware of



branding programs and policies of the Company. The Vice-President in particular has worked in Ecolab for close to thirty years and has witnessed the company grow from a US\$ 1 billion to now over US\$13 billion by end of year 2013. The Corporate Communications Manager is in charge of all marketing and branding programs in the region and works closely with the global team and is therefore well informed of the future strategies.

### **3.4 Data Analysis**

Data collected was qualitative in nature which required analytical understanding and thus the data was analyzed using qualitative analysis method. Before processing the responses, data was evaluated and edited for completeness, consistency, usefulness, credibility and adequacy (Kothari, 1990).

Content analysis has been described by Kothari (1990) as analyzing the contents of documentary materials such as books, magazines, newspapers and contents of all verbal materials which can either be spoken or printed. The researcher analyzed the data obtained using content analysis technique which assisted in making inferences by systematically and objectively identifying specific information and then relating them with occurrence trends. Key themes, concepts and arguments were thus extracted using content analysis technique in an effort to have clear understanding and to deduce the challenges encountered in the process of brand internationalization. Similar approaches have been used by other researchers like Mutambuki (2008) and Evans (2010).

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The objective of the study was to establish the process of brand internationalization and determine the challenges faced during the process. This chapter presents the analysis, results and discussions of the data with regard to these objectives.

Ecolab is an American-based multinational enterprise headquartered in St. Paul Minnesota in U.S.A. According to Ecolab 2013 Sustainability Report, the net sales for the year 2013 were US \$ 13.3 Billion. These net sales reflect a 12% growth to the previous year and 125% overall sales growth during the previous five years from the year 2009. Half of these sales revenues were attained from its international operations. The net income attributed to Ecolab has equally been attractive growing from US\$ 417.3 million in Year 2009 to US\$ 967.8 million in Year 2013. According to the report, Ecolab had a workforce of 45,000 employees by the end of year 2013 with 25,200 of them deployed to work in Sales and Service and 1,600 for the Research, Development and Engineering department. More than half of these employees work for its international operations where the company currently derives more than half of its revenues. The company serves customers in more than 1.3million locations in more than 171 countries worldwide. Ecolab customers are in the Business-to-Business commercial sector and serves customers in the foodservice, food processing, hospitality, healthcare, industrial and Oil & Gas sectors. According to details of this study, Ecolab has more than 6,500 patents, with more than 80 significant product innovations added into the range during the year

2013 alone. It has 19 global innovation centers a R&D budget of US\$ 188 million in year 2013. Ecolab is clearly the global leader in hygiene, water and energy services and technologies with significant competitors spread through its various business units across the world.

Ecolab has a long history of profitable business performance. This study revealed an especially enhanced business performance over the last three years since its acquisition of Nalco, a Naperville, Illinois-based water services and management company. A summary of the business performance over the last three years is as tabulated below.

<b>Business Performance Summary for last 3 years</b>
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<b>Summary (US \$ Millions except per share)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>Percent Change</b>	
Net Sales (NES)	\$13,253.40	\$11,838.70	\$6,798.50	12%	74%
Net Income	967.8	703.6	462.5	38%	52%
Percent of Sales	7.30%	5.90%	6.80%		
Share Price	104.27	71.9	57.81	45%	24%

Source: Ecolab 2013 Sustainability Report

During the year 2013, Ecolab was recognized for innovation, ethical conduct, and sustainability programs. Some of the most significant awards included Forbes 2013 World's Most Innovative Companies, 2013 Word's most ethical company by Ethisphere, Chief Executive Best Companies for leaders 2013 and CDP Climate Performance leader

2013 among others.

The business and affairs of the Company are managed under the overall direction of the board of directors that currently comprises of fourteen members. To assist in carrying out its mandate, the Board has delegated certain authority to five standing committees: Audit, Compensation, Finance, Governance and Safety, Health & Environment. The Board has appointed a Chief Executive Officer (CEO) who is also currently the Chairman of the Board of Directors. Underneath the CEO is a matrix management structure consisting of business and functional leaders who direct the businesses across the markets and the functions. These are individuals with vast industry experience and high ethical standing in the respective societies.

The company operations globally are guided by policies formulated from the business headquarters based in St. Paul Minnesota in the U.S.A. All subsidiaries, affiliate organizations, distributors, agents and employees are required to work within the laid down policy guidelines. Ecolab also strictly follows the U.S government directives on trade practices and avoids doing business with any state or nation that has been blacklisted by the U.S government. It also ensures that each of its affiliates comply with the U.S Foreign Corrupt Practices Act “FCPA”.

#### **4.2 The Company Background – The Brand Origin**

The company was founded by MerritJ. Osborn, a former travelling salesman in St Paul, Minnesota, USA in 1923. Its first product was Absorbit, an instant carpet cleaner that

spared hotels the disruption of shutting down when carpets got dirty. The firm's original name, Economics Laboratory showed that Osborn had a broader mission: to use science to solve customers' problems and save them money. A year later after its founding the company acquired Soliax, a non-sudsing cleaning agent that worked better than soap in the new dishwashers that were catching on in restaurants. The name was changed to Ecolab in 1985 in order to bring together all the subsidiaries and create under one brand umbrella globally. The company shares are listed for trading in the New York as ECL.

To date Ecolab remains focused on what it strives for – to be the global leader in water, hygiene and energy technologies and services; providing and protecting what is vital: clean water, safe food, abundant energy and healthy environments and do so sustainably. Ecolab's primary markets; food, water, energy and healthcare tend to be less sensitive to the economic cycles faced by many other businesses. Since Ecolab products fulfill basic global needs, they are less susceptible to reduction in tough economic times and this has provided Ecolab with a relatively stable market in which to do business.

#### **4.3 Ecolab Brand-Development processes and strategies**

Ecolab seeks to form long-term mutual service partnerships with businesses in its target markets. It has managed to forge such strong but mutual partnerships with reputable global customers such as the Coca Cola, PepsiCo, Marriott, Nestle, Hyatt, Hilton, The Intercontinental, Shell, Toyota, Sodexo and many others. Through these close service relationships, the Ecolab brand is carried by these global reputable brands as they expand internationally and thus benefits from their good reputation to win businesses among their peers. This has been a long-term strategy in the expansion of the Ecolab brand across

markets especially with American brands. As an example, Ecolab is among a few service providers approved by the Coca Cola and Pepsi brands for their bottle washing and rinse programs. Ecolab ensures that its field associates and subsidiaries in different markets offer consistent service to these global customers and therefore ensure that Ecolab brand is perceived the same way across the markets.

This study revealed that Ecolab has also managed to achieve and maintain their brand prominence in the industry through; Innovation, Service excellence and People. For Ecolab, customer comes first. Having realized that every customer's challenge is unique, Ecolab's field associates partner with customers in their properties, providing on-the-ground consultation and service. They thus employ a rigorous process of data collection, apply advanced technology, rethink processes and thus provide solutions to address the customer's unique economic, social and environmental challenges. Ecolab's ultimate competitive advantage is found in our industry-leading sales-and-service force. Behind every field representative is a team of researchers, scientists, engineers, regulatory specialists and other experts working diligently to tackle customer challenges, develop technologies and science-based solutions. In this way, they help customers solve a full range of cleaning, sanitizing and water and energy management challenges and earn in return long-term customer loyalty.

The respondent clearly elaborated that Ecolab issues clear brand guidelines that guide employees worldwide on brand-related issues. This seeks to ensure that customers receive consistent information and service on a global scale. There are checklists,

guidelines on dressing codes, printing material and an intranet where all this internal policies are communicated. Ecolab also tries as much as possible to use one supplier per location for printing marketing materials such as banners, signage and other communication materials in an effort to have consistent brand presentation across markets. Global company newsletters and magazines that are produced on regular basis provide the necessary updates on new policy guidelines and new offerings.

The respondent clarified that Ecolab community involvement, social responsibility and sustainability programs are also used to create brand awareness throughout the world markets where Ecolab has business interests. The community involvement programs are coordinated through the Ecolab foundation and are focused on Youth & Education, Civic & Community development, Arts & Culture and Environment & Conservation. Since its inception in 1996, the Ecolab Foundation has donated more than US\$ 70 million to the community. Where possible, contributions are leveraged with Employee involvement to maximize the positive impact to the community. In the year 2013, the Ecolab Foundation and Corporate giving amounted to US\$ 9,650,000. Ecolab employees also are encouraged to share into the same vision of giving back to the community through a program named “I Care. I give”. In the US alone during the year 2013, Ecolab employees donated a total of US \$ 1.4 million and was combined with the Ecolab Foundation matching contribution to total US \$ 2.1 million that benefited Ecolab’s global non-profit partners and employee-designated qualifying non-profit organizations. In addition, the Ecolab employees volunteered a total of 39,000 hours with the non-profit partners. The study also revealed that in August-September 2014, Ecolab donated US\$1.8million of hand soaps, hand

sanitizers and disinfectant cleaners to help prevent the spread of Ebola in West Africa through World Emergency Relief, a non-profit organization that deploys humanitarian relief throughout the world ([www.ecolab.com](http://www.ecolab.com)). Ecolab has in this way won accolades and recognitions for its corporate social responsibility programs. These awards are used globally to enhance the brand perception in the international markets. The most recent award was this month where Corporate Responsibility (CR) Magazine which shines a spotlight on America's most socially responsible chief executives has named Ecolab Chairman and CEO Doug Baker a recipient of the Year 2014 Responsible CEO of the Year Award. ([www.ecolab.com](http://www.ecolab.com)).

The respondent also pointed out that one major factor that has led to Ecolab's rapid expansion into the world markets was through mergers, acquisitions and joint ventures among others. As Ecolab acquires firms, it faces a branding challenge in seeking to integrate the new firm into its operations. This is both through the new staff and customers. Sometimes, Ecolab has had to retain certain brands for some time due to their popularity with customers. An example is when Ecolab formed a joint venture with Henkel KGaA, a firm based in Germany in 1990. The aim was to accelerate growth across into the European market. The Henkel brand was a household name in Germany and by extension in Europe and Ecolab was not well known in the markets. Ecolab therefore marketed itself as Henkel-Ecolab for close to 17 years until the year 2007 when it acquired the remaining stocks from Henkel and now went fully as Ecolab in the Europe, Middle East and Africa markets and the Asia Pacific region. Another recent case in point is when Ecolab acquired Nalco in the year 2011 and soon after acquired



Champion in the USA. The Nalco brand was so synonymous with its customers across the water management and Oil & Gas sector that Ecolab could not afford to drop it at once. It therefore decided to go with the NALCO brand but with the underline 'An Ecolab Company'. This was a strategy to buy-in the loyalty of the Nalco customers and integrate them under the umbrella of ONE Ecolab brand. A few weeks ago, a new logo design was unveiled for the Nalco brand that reflects the collective strength of the two brands in the market place. The color of the new Nalco logo now has an updated Ecolab blue, and the stylized "N" that used to feature for Nalco has been dropped from the design. This is to further integrate the Nalco logo into the Ecolab standards and leverage the combined power the brands deliver to the customers.

#### **4.4 Challenges faced by Ecolab in the process of Brand Internationalization**

According to the study and like other multinational firms, Ecolab faces multiple challenges in the progression of their brand globally. These challenges can be classified as institutional, economic, social-cultural, political and emerging trends among others.

##### **4.4.1 Institutional Challenges**

Ecolab has a total workforce comprising 45,000 associates with 25,200 among them in Sales & Service departments directly engaged in serving customers in more than 1.3million locations distributed in over 171 countries. The respondent admitted that resource constraints arise both in terms of adequately trained personnel to market the brand and also inadequate marketing communication material that reach the intended end

user. In most cases, the organizational structure does not include marketing and communication personnel to be directly engaged in brand progression efforts. These activities are therefore delegated through the sales and service team who are not communication experts. This presents gaps where sometimes the communication getting through to the customers or the public is either inadequate or inconsistent. This is especially the case in new upcoming markets and regions such the Middle East and Africa markets. The firm intends to continue engaging more and more resources in future to overcome such challenges.

#### **4.4.2 Social-cultural, Political and Economic challenges**

Ecolab operates in over 171 countries distributed in six regions; North America, Europe, Asia-Pacific, China, Latin America and the Middle East & Africa regions. These regions have people with diverse cultures, languages, social behaviors, religions and so and perceive information in a diverse way. According to the respondent, and in face of these social-cultural differences, Ecolab adapts its branding communications to suit these needs while trying to keep the uniformity of the intended message. For example greeting and well-wishes cards directed to people of the various religions are adapted by the local teams in order to suit the targeted population and yet meet the purpose of the message.

Ecolab being an American firm only does business with countries that are allowed by the U.S government and avoids those that have been blacklisted for example Somalia, Sudan, Chad, North Korea among others. Political instability is a factor that impacts businesses directly and Ecolab has not been an exception. In a case like Angola where Ecolab operates the Nalco Champion energy division for the oil fields, Ecolab employees who

were mainly of American decent had to operate in large compounds surrounded by razor barbed wires and landmines as a protection from the civil war that went on for over 20 years. After the war, laws requiring joint ventures where local Angolans own over fifty percent have been introduced that further complicate the business terrain. This notwithstanding, Ecolab brand has continued to advance in the country and has grown in sales revenues by over 25% annually and the number of employees have grown from 30 to over 250 employees during the last 10 years. Importation challenges to certain countries has also been a key challenge requiring Ecolab businesses to maintain huge stocks of raw materials and finished products that has a negative impact on profitability.

The study revealed that economic diversity among nations has also a direct impact to the Ecolab business and presents a key challenge in its brand advancement endeavors. The purchasing power in developing nations is lower than the developed world and implies that customers view the Ecolab brand as expensive compared to the local brands. In difficult Economic times, customers' discernment for quality declines and this has a direct impact on the business. Ecolab being a global brand tries to make uniform most of their products as it produces for the world markets has also to maintain a standard of quality and service. This leaves it to serve the high end market and avoid the market that is unable to afford its programs. Due to unattractiveness of certain markets due to economic constraints, the Ecolab brand has not advanced so fast into such markets.

#### **4.4.3 Emerging Trends**

Technology is constantly evolving and brands must remain alive to this reality. One of the most dynamic areas is information and communication technology. The internet is revolutionized the globe and information is moving at super speeds. This modern reality contributes both positively and negatively towards global brand advancement. Security of information is at a huge risk and sometimes certain aspects of information may reach unintended users who may have ulterior motives that might be damaging to the brand. Companies are therefore attaching a lot of importance on the kind of information that is released into the market in order to protect their brands. This study revealed that a large portion of Ecolab businesses in the international market are channeled through distributors for logistical dynamics. This becomes a source of a challenge as the distributor may also be representing other brands besides Ecolab in the particular market. This at times may lead to distortion or mix up in the way intended branding information reaches the final consumer. According to the respondent the company must remain properly engaged and connected to the customers in order to protect the way they perceive the brand.

#### **4.5 Discussion of Findings**

From the study it is clear that Ecolab has managed to market its brand globally through clear and elaborate strategies that are conceived and directed from the headquarters to all the subsidiaries around the world. By forming strong mutual partnerships with global respected players such as Coca Cola, Pepsi Cola, Nestle Foods and leading hotel chains, Ecolab brand has been carried along during the expansion of these global companies.

The study revealed that Ecolab has deeply engaged its resources in research and development in crucial sectors of the world economies particularly in hygiene, water and energy utility and conservation and that this has enabled it to remain relevant in the midst of shrinking of such resources. Through corporate social responsibility and sustainability programs, Ecolab has also advanced its brand across the markets.

Brand Internationalization process is a time consuming exercise and requires a long-term approach. For a brand to become well known in the international markets the company has to devise clear brand internationalization policies that are then communicated amongst the key stakeholders. It is a challenging endeavor but one that is rewarding when looked at from a long-term business perspective.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter summarizes the findings of the study, draws conclusions from the information and data collected and finally makes recommendations including the needs for further research.

### **5.2 Summary**

The objective of this study was to determine the process of brand internationalization and then establish the challenges faced by multinational corporations in the process of brand internationalization. The research instrument that was used in collecting pertinent information was an interview guide. Information was that obtained from Ecolab's Corporate Communications Manager, Ms. Cynthia Farhat and Executive Vice President for MEA region, Mr. Andreas Weilinghoff

The interpretation of this information has clearly shown the journey that has been travelled by Ecolab in taking its brand internationally to what it is today, a global brand. This has been riddled with challenges which continue being faced today.

### **5.3 Conclusion**

Like many other global firms, Ecolab has withered the challenges of building a global brand in now over 170 countries around the globe. It is clear that for B-B business, the process of

branding is rather simplistic compared to B-C sector. Branding for Ecolab is a top-down approach with the headquarters offering policy guidelines to all the subsidiaries, distributors and agents worldwide. The company projects a unified brand as ONE ECOLAB by offering the same service standards to global customers; consistent corporate and marketing communications; community involvement; social responsibility and sustainability case studies.

#### **5.4 Recommendations**

The Ecolab brand internationalization case is a good example that can be emulated by firms in the B-B commercial sector. It clearly indicates that firms can use good customer relationship to internationalize their brand riding on the successes with global customers in one market as a platform for their global expansion. Brand is a major company asset that must be protected and enhanced all the time. Upcoming firms must therefore not shy away investing in brand enhancement programs as dividends will come in form of customer loyalty that will lead to more sales and more revenues.

#### **5.5 Limitations of the study**

This study was limited by the fact that only one firm in the B-B sector was studied and that is Ecolab. A broader perspective may be attained by studying several firms in the same sector or in multiple sectors in order to draw broader conclusions. The other limitation faced was the study time for this project work. Deeper insights were possible with more time and concentration in

reviewing more literature and company information related to the topic that would have led to even better conclusions.

### **5.6 Suggestions for Further Research**

In a developing country such as Kenya where young and upcoming brands are being developed and marketed in the region, there is much to learn from already established brands such as Ecolab. Brand equity has become key in entering an important asset for any company harboring long-term dreams of becoming a global player. There is need to invest more in the study of brand internationalization in East Africa and the challenges faced by Kenyan brands as they enter the larger East African and Comesa markets. Studies can also be done on consumer brands such Bidco, Nakumatt, Equity, Brookside and son on that are among the prominent Kenyan brands trying to establish themselves across the African markets. Studies could also be conducted to determine the importance of branding in a Companies Internationalization process.



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## **APPENDIX 1: INTERVIEW GUIDE**

### **PART A: Background Information**

1. Who was the founder of Ecolab and when and where was it established?
2. Could you tell me some information about the founder, his background and the vision and mission he had in establishing the company?
3. Briefly elaborate on Ecolab businesses (units) today. How many of those units are represented in the MEA region?
4. How important are the MEA markets to Ecolab both in terms of market potential, market share and future expansion of the business?
5. How different are the markets (MEA region) as compared to other key markets of Ecolab? Does this call for a totally different business approach?

### **PART B: Brand Internationalization**

6. How important is the concept of branding in the industry in which Ecolab operates. How much importance does the Ecolab management attach to the way customers perceive the brand Ecolab?
7. Ecolab is a no-doubt a prominent brand in the commercial cleaning and sanitation industry. How has it managed to achieve and maintain this brand prominence in the industry for such a long time?
8. What policy(s) does Ecolab have on issues of brand protection and enhancement?
9. What programs are currently running aimed at enhancing the brand perception, equity and loyalty in the foreseeable future? How will these programs shape Ecolab brand in the MEA markets during the next 2-5 years?

10. When entering new markets, what strategic options does Ecolab have in consideration as part of its brand protection and advancement into the market?
11. Ecolab over the years is known for famous acquisitions, mergers and joint ventures that have enabled it to attain its current business leadership position. How does Ecolab ensure protection and maintenance of its brand in the midst of these business developments?
12. What challenges has Ecolab encountered in the progression of its brand in the world markets particularly in the MEA region?
13. What is the key learning that will inform future branding strategies in order to overcome such challenges?

#### **INTERVIEWEES**

- 1) Cynthia Farhat, Corporate Communications Manager, Ecolab MEA region
- 2) Andreas Weilinghoff, Executive Vice President, Ecolab MEA region