

# Identifying the Components of International Branding in Environments with Institutional Voids (Case Study: FMCG Industries)

Fatemeh Fathollahi<sup>1\*</sup>, Mohammad Azizi<sup>2</sup>, Maryam Lashkarizadeh<sup>3</sup>

1 Ph.D. Student, Faculty of Management, Department of Entrepreneurship, Qazvin Branch, Islamic Azad University, Iran [FatemehFathollahi44@yandex.com](mailto:FatemehFathollahi44@yandex.com)

Tel: +982166345054, Fax: +982188660964 (Corresponding author)

2 Associate Professor, Faculty of Entrepreneurship, University of Tehran, 1439813141, Iran

3 Associate Professor, Faculty of Economics, West Tehran Islamic Azad University, Iran

## Abstract

The current research examines the components of international branding in environments with an institutional Void, especially in FMCG industries. It is applied research in terms of purpose and methodologically a mixed (qualitative-quantitative) research. It used the content analysis method in the qualitative part and the structural equation method in the quantitative part. Its statistical population included organizational experts who have experience and knowledge of branding at the international level. The researcher has selected them with a purposeful (judgmental) method. The interview continued until theoretical saturation. MAXQDA2020 software was appropriate for analyzing the qualitative data. With three stages of coding (open, central, and selective), it determined the design of the model. As the results show, the antecedents of international branding include "responding to the needs of customers, capabilities, regional capabilities and supporting domestic producers". The drivers of international branding comprehend "international standards, targeting, innovation, and creativity, needs assessment of the market, new technology, geographical and regional location. Hindrances to international branding also include "lack of current knowledge, licenses, laws and upstream documents, administrative corruption and bureaucracy." Quantitatively, the research carried out sampling with 214 people (subsidiary companies and their sub-groups) and a sample size of 137 people using Cochran's formula. The statistical population in the quantitative part comprised managers, assistants, and experts of holding companies and subsidiaries of FMCG industries. A questionnaire was the tool for collecting data and SPSS and SMART PLS3 software were the tool for their analysis. The results of the quantitative part of the research confirmed the results of the qualitative part.

**Keywords:** international branding, institutional Void, international business, content analysis, FMCG

**Tob Regul Sci.** <sup>TM</sup> 2022;8(2): 269-281

## Introduction

Globalization has attracted much attention in recent decades. Companies strive to achieve sustainable competitive advantage in foreign markets. The brand as an intangible organizational resource and as a strategic tool can help companies to achieve sustainable competitive advantage in international markets (Wong 2021). In recent years, branding has become a management question with the highest priority. Branding in businesses is more than just marketing communications and is supposedly an integrated business approach. Companies should manage the brand and align it with the overall strategy of the organization. Therefore, the brand as a company's important resource can be a strategic reference and cause the development of the companies' business by balancing the company's capabilities and the external environment. International marketing makes the business of organizations survive and perform well in contemporary legal markets. Advanced information and communication technology can help a lot in the age of Internet technology. Access to new technologies and the shortening of communication channels between the customer and the market are two advantages of internationalization. The development of business boundaries and its activity in the foreign market, as internationalization, is for businesses the most important way to achieve success. The necessary factors in the international success of small and medium businesses are of great importance to researchers and business owners. Therefore, internationalization got strengthened in the last decade, the reason for which is rapid globalization, the Internet, and communication innovations. Affecting large companies, this phenomenon also causes other companies to gain internationalization experience. In international branding, we must first define the essence of the brand, i.e., the unique features of the brand for global consumers. Then, we should plan and implement the brand at the international level according to the complexities of the international environment and the resources (De Chernatony and McDonald, 1993). Identifying consumer culture in the international arena and cultural and ethnic factors is relevant for international branding (Strizhakova, Coulter, 2019).

Multinational companies (MNCs) that compete in global markets should not underestimate the influence of culture, belief, and religion on consumer demand. Many studies consider the international brand as the advanced stage of the company's internationalization and believe that in internationalization, companies continuously improve their marketing capabilities and international performance to realize the international brand (Hui Wang and Tao Wang, 2017). Expanding knowledge (Hicks et al., 2021) about consumer attitudes toward global brands and determining this attitude as an important criterion in international branding is a significant subject. Another important factor is the distinction the product in question creates compared to similar products. If a multinational company prefers a global strategy, quality is recommendable. Therefore, this research takes a step toward the internationalization of businesses and the development of international branding by presenting a model of international branding in companies with an institutional Void in high-turnover industries.

There is a deep research Void in organizations that become global brands (Chavan et al., 2022). In marketing literature, the researchers have paid little attention to benchmark because of the lack of a clear framework, and organizations have not still made significant progress in international branding (Ray and Sharma, 2020). This research examines the components of international branding in environments with an institutional Void, especially in FMCG industries.

### International branding

As interaction and communication with internal, middle, and external environments, it is an activity that covers all marketing and sales activities, which are involved all units of a company. Experience, communication, company characteristics, and product portfolio are the main pillars and strengths of a company. Any company must refine and adjust them according to the environmental conditions to enter any market (Cole 2022) and achieve an acceptable share of the sales of products and the market and increase the reputation of the company. Meanwhile, the brand name plays an important role in selling the company's products and increasing the company's profits, and it can affect global culture. Because it is a major factor of identifying a product consumers and evoking a sense of peace, security, and loyalty (Huang 2021) among them. Therefore, any mistake in the name, position, and content of the brand can have irreparable consequences (Chiong 2010).

A comprehensive approach to branding as a strategic tool can improve the company's performance. Some argue that the brand can be a focal point of a company. Resource-oriented perspective considers the internal resources and capabilities of the company (which includes tangible and intangible assets) as a sustainable competitive advantage. Strategy is the average exploitation of the company's resources or the development and acquisition of new resources for the company for creating economic success. According to this point of view, the brand orientation approach leads to strategies to develop brand maintenance and support and can improve company performance. In the process of internationalization, the things that help a company formulate a detailed plan are a holistic view, complying with international standards, and understanding political connections, especially in emerging markets (Klarian 2019).

**Table 1:** Literature review and research background

Row	Researcher	Year	Title	Results
1	Zhang et al.	2023	Effect of extensive product proportion on brand loyalty: A path to a company's sustainability and success	Research results of this article have specified that brand development is a "double-edged sword". Therefore, research and development of new products, optimization of

				financing services, lending policies, and building a marketing platform require review and serious attention.
2	Suleiman et al.	2023	Role of subsidiaries in global value chains (GVC): An institutional perspective on the promotion and integration of LVCs	Results showed that cooperation and alliance between companies help to remain active in markets with institutional Void and avoid additional costs. Training and compliance with the standard improve the export of companies that are active in such markets.
3	Cole et al.	2022	Stakeholder-oriented brand management: a diagrammatic approach to monitoring brand association	The product portfolio, the company's characteristics, and the materials of the products are the things that influence the purchase and branding of the products.
4	Gordon et al.	2022	Activities of official and non-official institutions in catching fish such as rockfish in Alaska	Trustability, communication, presence of local representatives to transfer knowledge, guidance, and productivity are relevant in managing the use of natural resources. Maintaining and strengthening interactive paths between formal and informal institutions increases trust and knowledge sharing and plays the role of a facilitator.
5	Singh et al.	2022	Cooperation of networks and	Network cooperation helps SME companies to penetrate

			economic performance of SME companies: direct and indirect effects of innovations and internationalization	international markets and develop their customer base. It facilitates the correct identification of the needs of customers and the gaining of technical skills. High performance of internationalization improves the performance of innovation and increases, in the last analysis, the economic performance of SME companies.
7	Piper et al.	2022	A contingency approach to the relationship between international strategic brand management (ISBM) and export performance	Intensive competition in foreign markets weakens the effects of financial performance and activity in export markets, while government policies, competition in the domestic market, and the difference between buyers in the foreign market can strengthen the effectiveness of strategic brand management and export performance.

## Research method

The present study is applied research in terms of purpose and mixed (qualitative-quantitative) research methodologically. It has used the content analysis method in the qualitative part and the structural equation method in the quantitative part. Its statistical population includes companies that are active in high-turnover industries with internationalization experience, and experts who have relevant experience, expertise, and education in high-turnover industries. These are managers and senior experts in marketing, sales, exports, and brand managers of high-turnover industries. The interviews continued on the principle of data sufficiency. The selection of the research sample in the qualitative part was purposeful (12 people). The theoretical saturation was achieved in the

12th person. The current research has used the semi-structured interview method according to the subject and research objectives. It applied the method of "triangulation of data sources to confirm the validity of the research, and "reliability between two coders and retest" to confirm the reliability of the research. Colleagues and participants reviewed it.

The researcher selected 2 interviews from among the conducted interviews and coded each of them twice in a 20-day interval. The total number of codes in two-time intervals of 20 days is equal to 26, the total number of agreements between codes in these two times is equal to 12, and the total number of non-agreements in these two times is equal to 3. The retest validity of the interviews is equal to 91.5%. Since this level of reliability is over 60 percent (Coyle, 1996), the reliability of the coding is confirmable.

The researcher asked a doctoral student to take part in the research as a research associate (coder) to calculate the reliability of the interview with the intra-thematic agreement method of two coders. He transferred to them the training and techniques for coding the interviews (even though they were familiar with coding). Then the researcher together with the relevant person coded two interviews and calculated the percentage of intra-thematic agreement (agreement between two coders). The total number of codes registered by the researcher and research associate is equal to 20, the total number of agreements between these codes is equal to 8, and the total number of non-agreements between these codes is equal to 3. The validity between the coders for the interviews is equal to 80%. Since this level of validity is over 60 percent (Coyle, 1996), the validity of the coding is confirmable.

MAXQDA2020 software was appropriate for data analysis with three stages of (open, central, and selective) coding. International branding patterns in markets with institutional Voids are identifiable. A quantitative method was appropriate for re-examining the qualitative results. The statistical population of the quantitative part was managers, deputies, and experts of holding companies and subsidiaries of FMCG industries. With a statistical population of 214 people and a sample size of 137 people, we carried out sampling among the holding companies and subsidiaries of FMCG industries in Tehran and Alborz provinces (Iran) through the Cochran formula. We used SPSS and SMART PLS3 software for analyzing the collected questionnaires.

## Findings

As the findings of the research shows, 75% of the experts were men and 25% were women. 67% of the experts were between 50 and 60 years old, 16.6% were between 40 and 50 years old, and 16.6% were between 60 and 70 years old. 25% of the experts in this research have 20 to 25 years of work experience, 25% of them have over 30 years of work experience, and 50% of them have 25 to 30 years of work experience. We presented in the following the steps taken to perform qualitative data analysis and coding during three stages (open, central, and selective coding).

Figure (1) shows the output of MAXQDA2020 software for recognizing the antecedents of international branding:

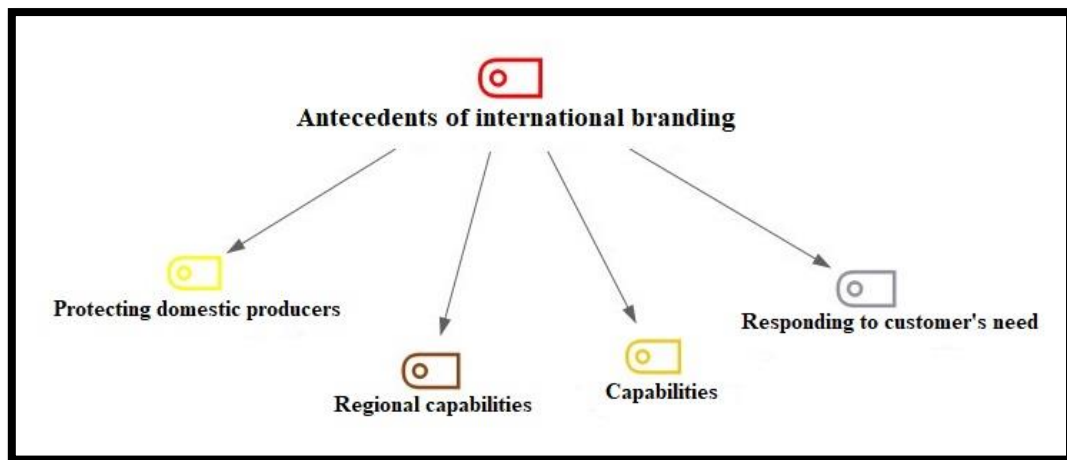


Figure 1: Identifying the antecedents of international branding as the output of the MAXQDA2020 software

Figure (2) shows the output of MAXQDA2020 software for recognizing "international branding drivers":

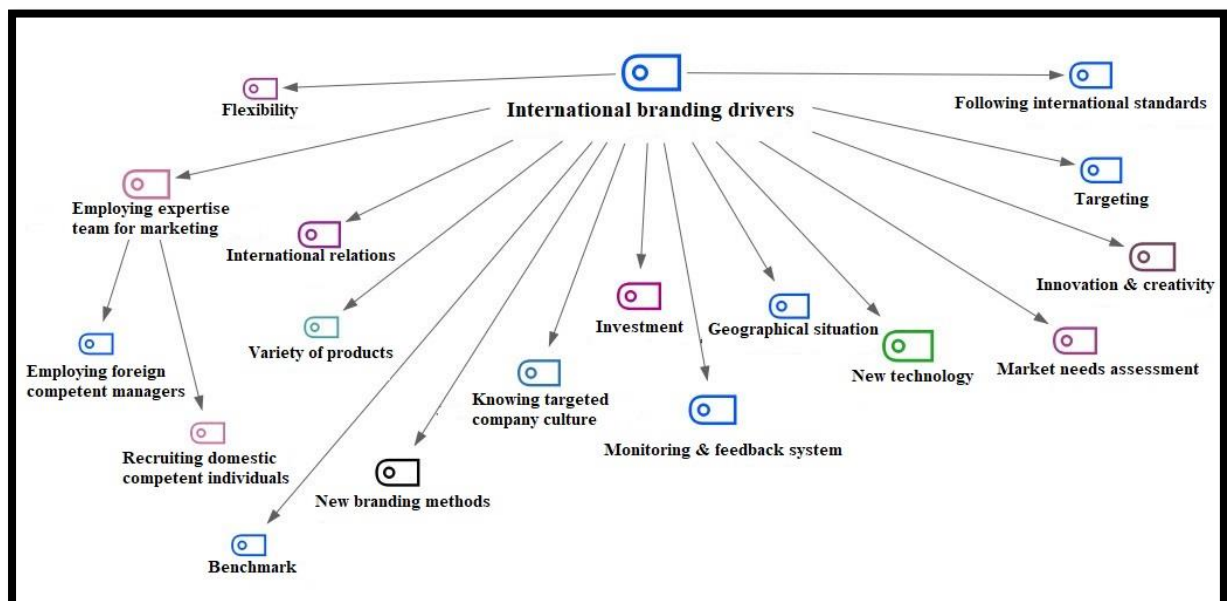


Figure 2: Identifying institutional factors as MAXQDA2020 software output

Figure (3) shows the output of the MAXQDA2020 software for identifying the international branding obstacles:

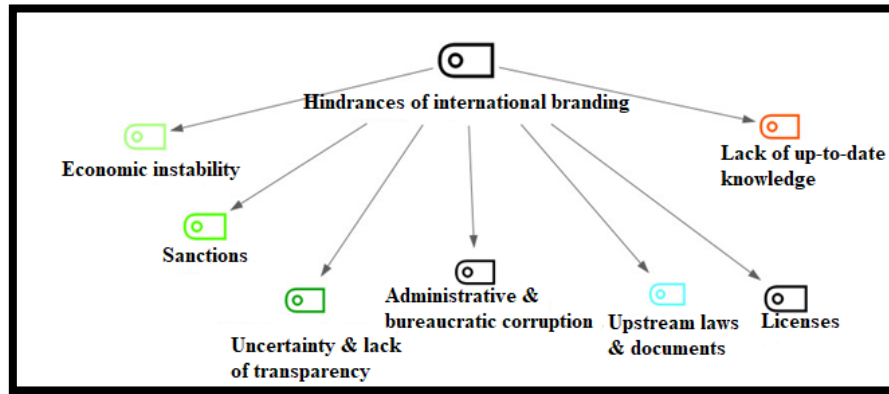


Figure 3: Identification of hindrances to international branding as MAXQDA2020 software output

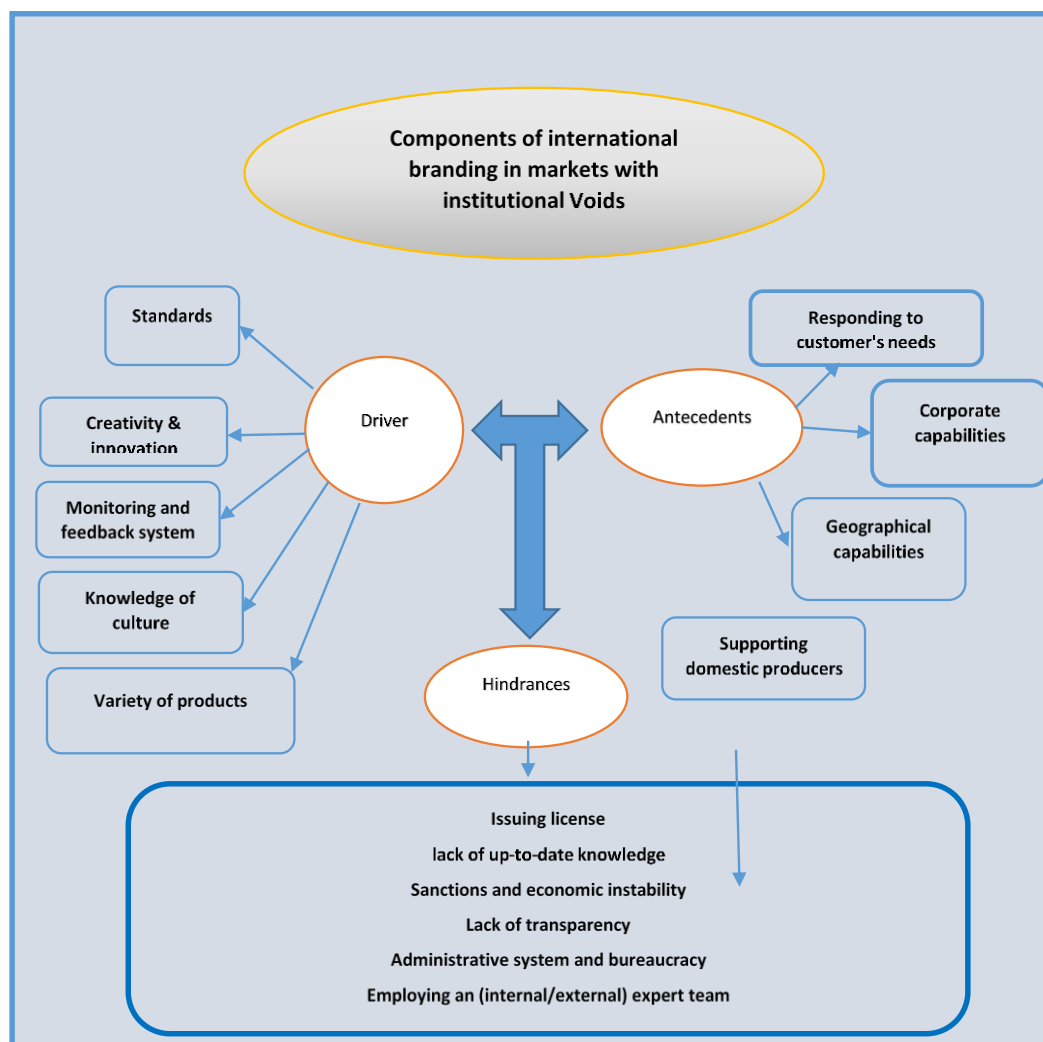


Figure 4: Conceptual model of the research

Testing Model and examining of relationships between components generally



As the results of quantitative questions extracted from the qualitative results show, there is a direct and meaningful relationship between international branding in markets with an institutional Void and identified components such as antecedents and drivers. These components themselves have dimensions and indicators that shows them the Figure (4) schematically and completely.

### Path coefficients

The above diagram shows that all coefficients of the direct path are significant at the 95% level. All moderating effects are significant at the 95% level.

**Table 2:** Path coefficients and t-scores of the overall model

Row	Path	Path coefficient ( $\beta$ )	Sig. (t-value)	Test result
4	Drivers → international branding in markets with institutional Void	488.0	942.4	Confirmed
5	Antecedents → international branding in markets with institutional Void	583.0	760.5	Confirmed
6	Drivers/Barriers → International Branding in Markets with Institutional Void	362.-0	719.5	Confirmed
7	Drivers × structure → international branding	429.0	286.4	Confirmed
8	Drivers × international factors → international branding	273.0	218.3	Confirmed
9	Drivers × market → international branding	622.0	106.11	Confirmed
10	Antecedents × structure → international branding	329.0	102.4	Confirmed
11	Antecedents × international factors → international branding	223.0	541.2	Confirmed
12	Antecedents × market → international branding	244.0	099.3	Confirmed

### Determination coefficient ( $R^2$ )

The determination coefficient is the basic criterion for evaluating the endogenous latent variables in the path model. This index shows how many percent of endogenous variable changes are through exogenous variables. The values of 0.19, 0.33, and 0.67 for the internal (dependent)

variables in the structural (internal) path model are weak, moderate, and significant, respectively. If the endogenous latent variable is under a few (one or two) exogenous variables, the average values of the determination coefficient are also acceptable. Table 2-5 presents the endogenous and exogenous variables and the corresponding determination coefficient values.

**Table 3:** Exogenous, endogenous variables, and  $R^2$

Row	Endogenous variable	$R^2$	Evaluation
1	International branding in markets with institutional Void	0.837	Strong

Predictive correlation index or Stone-Geisser

**Table 4:** Predictive correlation index (Stone-Geisser  $Q^2$ ) for endogenous variables

Row	Endogenous variable	$Q^2$	Evaluation
1	International branding in markets with institutional Void	0.406	Strong

According to Table 4, the value of  $Q^2$  for all endogenous variables is evaluable. Therefore, the structural model under study is of good quality and the observed values are of good reconstruction. The model has the good predictive ability and can predict endogenous variables.

**Table 5:** Results of the overall fitting of the model with the GOF criterion

$\overline{R^2}$	$\overline{\text{Communalities}}$	GOF $= \sqrt{\overline{\text{Communalities}} \times \overline{R^2}}$
0.837	0.616	0.726

As table (5) shows, the average value of Communalities is 0.616 and the average value of  $R^2$  is 0.837. According to the formula, the standard value of GOF is equal to 0.726, which is greater than the criterion value of 0.3 and shows the power of the model in predicting the endogenous current variable of the model.

## Conclusion

This research examines the components of international branding in environments with institutional Voids, especially in FMCG industries. As the results show, the antecedents of international branding in markets with an institutional Void, especially in high-circulation industries, comprehend "responding to the customers' needs, capabilities, regional capabilities, and supporting domestic manufacturers". International branding drivers in the markets with

institutional Void, especially in high turnover industries, include "international standards, targeting, innovation and creativity, market needs assessment, new technology, geographical and regional location, monitoring and feedback system, investment, and international insight". Hindrances to international branding in markets with an institutional Void, especially in high turnover industries, comprise "lack of up-to-date knowledge, licenses, upstream laws and documents, administrative corruption and bureaucracy, uncertainty and lack of transparency, sanctions and instability." Background influencing factors in markets with an institutional Void, especially for high turnover industries, comprise "quality, time management, institutions, environmental factors, brand popularity, networking, participation in conferences, policy making, international insight, marketing and market making, competitive alliance and cooperation, marketing strategy and modern sciences of management and marketing. Consequences of international branding in markets with an institutional Void, especially in high turnover industries, are international branding consequences such as "increasing exports, supporting production, globalization, increasing Domestic sales, increase in the market share, increased public trust, increase in the credibility of companies, the spread of the culture of production, and promotion of the national brand. Customers' choices prefer global brands. Global branding generates many benefits for companies. It makes them able to create a better image for their goods and services. With the development of global consumer culture, global branding becomes a key part of the global market.

Research that Janak (2023) carried out on collaboration and its role, showed that it is in line with the influential factors in international branding. As Wong (2021) argues, the researches on the need for reducing uncertainty in branding show its alignment with the current research regarding the drivers in international branding. In research, Mandler (2019) presented an extensive model of the effects of the global brand. Its findings show that in line with the results of the present research, standardization, global positioning and identification of consumer culture have positive effects on the evaluation and brand attitude of consumers. One factor involved in international branding is international marketing. Global marketing and branding have a two-way relationship. It is recommendable that the researchers should investigate the relationship between these factors and the manner and intensity of the effect in future research. Social media and content production are the two most frequent keywords in international branding. How social media plays a role in the landscape and the region of Iran is worthy to study according to the environmental opportunities and threats in the internationalization's direction of Iranian businesses, especially FMCG industries. Our studies determined that the nature of the brand includes "brand image, perceived quality, the special value of the brand, the symbolic value of the brand, a conceptual map of the brand, and brand loyalty". The suggestion is that the nature of brands and financial institutions in different industries be investigated and evaluated in future researches and that the executive measures be considered from the point of view of finding complications for improving the internationalization of businesses.

## References

1. Chavan, M., Gowan, S., & Vogeley, J. (2022). Collaborative corporate social responsibility praxis: case studies from India. *Social Responsibility Journal*.
2. Chung, C.-N., Luo, X., 2008. Institutional logics or agency costs: the influence of corporate governance models on business group restructuring in emerging economies. *Organ. Sci.* 19 (5), 766–784.
3. De Chernatony, L. and McDonald, M. (1993), *Creating Powerful Brands*, Butterworth-Heinemann, Oxford.
4. Gordon, J., H. Beaudreau, A., M. Saas, E., Carothers, C. (2022). Engaging formal and informal institutions for stewardship of rockfish fisheries in the Gulf of Alaska. *Journal of Marine Policy*. 143. 105170
5. Heeks, R., Gomez-Morantes, J., Graham, M., Howson, K., Mungai, P., Nicholson, B., Van Belle, J. (2021). Digital platforms and institutional voids in developing countries: The case of ride-hailing markets. *World Development*. (145). 105528
6. Hwang, J., Choe, J. Y. (Jacey), Kim, H. M., & Kim, J. J. (2021). Human baristas and robot baristas: How does brand experience affect brand satisfaction, brand attitude, brand attachment, and brand loyalty? *International Journal of Hospitality Management*, 99, 103050.
7. Klarin A., Sharmelly R. (2019) Strategic Sensemaking and Political Connections in Unstable Institutional Contexts, *Journal of Management Inquiry*
8. Koll, O., Wallpach, S.V., Uzelac, B., (2022). Stakeholder-oriented brand management: A Venn-diagram approach to monitor brand associations. *European Management Journal*, 0263-2373
9. Mandler T (2019) Beyond reach: an extended model of global brand effects, *International Marketing Review*
10. Ray, K., Sharma, M. (2020) Qualitative study of challenges and strategies of Indian IT organizations toward global branding, *Benchmarking* 27(2), pp. 708-731
11. Singh, R., Chandrashekar, D., Hillemane, B., Sukumar, A., Jafari-Sadeghi, V., (2022). Network cooperation and economic performance of SMEs: Direct and mediating impacts of innovation and internationalisation. *Journal of Business Research*, 148, 116-130
12. Soliman, S., Papanastassiou, M., Saka-Helmhout, A. (2023). The role of subsidiaries in Global Value Chains (GVCs): An institutional voids perspective on LVC upgrading and integration. *Journal Of international Management*, <https://doi.org/10.1016/j.intman.2022.101003>
13. Strizhakova, Y., & Coulter, R. A. (2013). The “green” side of materialism in emerging BRIC and developed markets: The moderating role of global cultural identity. *International Journal of Research in Marketing*, 30(1), 69–82

14. Wang, J., Huang, Q., Li, Y., & Gu, J. (2021). Reducing transaction uncertainty with brands in web stores of dual-channel retailers. *International Journal of Information Management*, 61, 102398.
15. Zhang, Y., & Khare, A. (2009). The impact of accessible identities on the evaluation of global versus local products. *Journal of Consumer Research*, 36(3), 524–537.