

Mixed Messages

Consumers all over the world are saying that U.S. foreign policy is making them less likely to purchase your brands. They're saying they don't trust you. But maybe it's you that shouldn't believe what they say, because their actions seem to speak otherwise. A recent Associated Press poll reveals that U.S. foreign policy hasn't had much impact on how foreigners view American consumer goods, and there's been no significant shift in attitude since prior to the war in Iraq, says the poll. In addition, 20 percent of French people would rather buy U.S. products than any others, assuming price and quality were equal. Likewise, the American Chamber of Commerce in Germany reports seeing no evidence of Germans avoiding American products.

"There is considerable slippage between people expressing anti-American sentiment and translating that into action at the point of sale," explains John Quelch, Harvard Business School's senior associate dean of international development. Quelch points out that while many surveys are tracking consumer attitudes, they're not actually indicating behavior. Nor are they demonstrating a clear cause-and-effect relationship between anti-Americanism and buying decisions.

If foreign consumers aren't buying American goods, it's not necessarily because they don't like America. "The factors affecting the competitiveness of U.S.-owned global brands precede and are much larger than reactions to U.S. foreign policy of the last few years," says Earl Taylor, chief marketing officer at Marketing Science Institute, a nonprofit think-tank. "Focusing on the likely minimal and short-term impact of recent U.S. foreign policy may distract us from understanding the larger forces at work." One such force has been a general economic downturn in Europe, which has been experiencing high interest rates, high unemployment, and low growth. As a result, says Quelch, people are choosing less expensive local brands rather than paying premium prices for their American counterparts. And even local brands, including Unilever and

Nestlé, are facing their own share of hardships.

U.S. companies also seem hesitant to fault anti-Americanism for their troubles abroad. For instance, Coca-Cola blames new bottling laws for its 16 percent sales decline in Germany during last year's third quarter. Likewise, Marlboro attributes its 18.7 percent drop in sales in Germany and 24.5 percent drop in France to higher cigarette taxes in those countries. However, an even closer look reveals that these taxes resulted in a decline in total category sales—Marlboro's market share actually remained unchanged.

Then again, not all American brands are all that "American." In a poll last November, market research firm GMI asked eight thousand international consumers whether they considered certain brands American and whether they plan to avoid purchasing these brands. Those deemed least American and least likely to be boycotted were personal-hygiene ones, such as Kleenex, Gillette, Pampers, and Estée Lauder. Additionally, brands like MasterCard and Visa were also perceived as less American, perhaps due to the fact these companies have made efforts to localize their cards—for example, German Visas deal with German banks. And though tech firms like IBM and Microsoft were seen as very American, consumers weren't likely to avoid them (perhaps because firms like Microsoft have few competitors).

On the other hand, General Motors, Marlboro, AOL, and—this will come as no shock—McDonald's were all perceived as extremely American and at high risk for boycotts. As was Chrysler—never mind that it's actually owned by a European company. Yet once again, just because consumers say they'll quit eating Big Macs doesn't mean they will. "These companies employ local workers and managers and use local raw materials," Quelch points out. "Boycott them, and you are boycotting your own neighbors.

"Most consumers do not let their political opinions affect their brand-choice behavior. When they shop, they are searching for the best value for their families. They are not looking to make political statements." —V.L.

that a single economic entity was inevitable. It planned for that and built a network of companies, often in concert with local carriers, giving up some control in exchange for greater flexibility and local knowledge.

It is imperative that you identify with the local culture—not merely fit in—and to that end, the UPS success story is built on careful listening to international employees and letting the business grow naturally under the guidance of the people who intimately know the local culture, business practices, and legal system. Since the company first entered Europe, it has learned to integrate the UPS way of doing things into the local ways. For example, Buddhist shrines are common in UPS facilities in Thailand, and pictures of the Madonna are allowed in Latin America. However, in applying the same values to business decisions and actions abroad as at home, UPS knows when not to bend to other cultures' customs. For

instance, even though many Germans enjoy a beer with lunch, UPS Deutschland frowns upon the practice.

Multinationals have a potential "diplomatic corps" of some 8.2 million people outside the United States. Though some are Americans, most are locals. In fact, of UPS's forty thousand employees overseas, fewer than forty are American. The local workers, by virtue of working at a U.S.-based company, are exposed to American business principles and corporate ethics. Consequently, each worker is, for good or ill, a spokesperson for that company. As such, corporations offer credibility that governments cannot and can pursue consumer-friendly policies that aren't always feasible in the harsh realities of international political and economic relations. "It's hard for the government to always be friends with everyone," Anholt says, "but companies can be perfectly lovely all day long if they choose." ♦