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The concept of glocalization and its incorporation in global brands' marketing strategies

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ABSTRACT: *Over the past decades,multinational corporations' marketing activities were oriented towards brand globalization, which meant promoting, integrating and selling their standardized, uniform products and services across markets worldwide. However, nowadays, international brands are facing new challenges, one of them being to adapt to the conditions, socio-cultural factors and consumers needs within a specific market, to conduct marketing activities based on product particularisation in order to create a connection between the brand and consumers from different cultures and socio-economic backgrounds, thus changing their perspective from „global" to „local" (leading to the "glocal" approach).In this paper, we will be defined the concept of "glocalization" within a theoretical framework, referring to research studies from previously published literature conducted by other authors, while attempting to demonstrate how adopting a glocal strategy (combining a corporation's global strategy and developing products and services customized in order to appeal to the society members of a specific market) can lead to brand equity increase, as well as sales growth.*

KEYWORDS -*brands, glocalization, globalization, marketing strategies*

I. INTRODUCTION

In his research "The Globalization of Markets" T. Levitt [1], published in Harvard Business Review, shows the rise of a new global market, based on uniform, standardized products and services: he stated that multinational corporations stopped focusing on offering a wide range of diverse, customized products and services, instead, they were starting to emphasize on providing globally standardized, reliable products and services which are easily-recognizable, have a fair quality-price ratio, and are perceived by consumers as trustworthy, due to the fact that they are providing them with the standard services and exact same quality of the branded goods in any distribution point of the respective company (the strategy of such companies was simple ,:to sell the same things , in the same way everywhere). Easily-recognizable products meant, easier recognition of a certain brand (which lead to the increase of brand awareness), clients' overall judgement or perceived quality (expectations) of product and service quality would be favourable, and will be associated with the brand, creating a database of loyal customers. The aforementioned elements (brand awareness, perceived quality, brand association and brand loyalty) are the main dimensions of brand equity, as defined by Aaker [2], which are strongly connected to each other and, altogether, have a significant, positive impact on brand equity.

Levitt's [1] article featured examples of companies that are the representation of globalization itself, such as Coca-Cola, Pepsi, or McDonald's, strengthening the idea that globalization was the new paradigm in international business, and that, in order to become successful, international companies should standardize their products, design, packaging and promotion, creating a powerful brand image in consumers' minds, increasing brand awareness, which will result in a higher (better) quality perception and attract potential customers, while maintaining the loyal ones, who already familiarized with the brand.

Therefore, the most relevant characteristic of globalization, regarded from a branding point of view, was that multinational companies' managerial and financial efforts in order to build brand equity were focusing on creating and displaying brand image, rather than the product itself.

However, even though the idea of selling standardized products and services seemed to be an effective strategy, at some point it has run its course; global corporations didn't predict the differentiated response of consumers from different countries or regions, who were not feeling an emotional connection with their corporate philosophy, global marketing programmes, which were as standardized as the products they were offering. Corporations didn't take into consideration the socio-economic factors present in each nation and region, cultural factors and other such particularities. As Coca-Cola's former chair Douglas Daft stated, the world was demanding greater flexibility, responsiveness and local sensitivity.

Multinational corporations were facing difficult challenge in front of an evolving, demanding market and had to make new decisions regarding what marketing strategy should be adopted and what adjustments had to be made, since a pure global marketing strategy was not the best choice, due to the fact that it didn't address issues such as differences in the economic, social and cultural environment of a specific location. Marketers then took the decision to shift their approach from "global" to "glocal", and started to find new, innovative ways of communication for a better understanding of local consumers' needs and preferences and to adapt their strategies to local conditions and circumstances of the marketplace [3] and a new trend (glocalization) had emerged in the international business market, encouraging international organizations to "think global, act local", using the global brand, but adapting its products to specific local elements and the regional particular necessities.

II. DEFINING THE CONCEPT OF " GLOCALIZATION "

The "glocalization" term is believed to firstly appear in the late 1980s, in a Harvard Business Review article conducted by Japanese scholars, deriving from the Japanese word "dochakuka" and, according to Matusitz [4], refers to the interface of the global and the local. Globalization can also be defined as the conflation of both universalizing and particularizing tendencies [5], the dynamics between cultural homogenization and heterogenization [6] and a co-optation of the global and the local [7; 8]. Glocalization emphasizes on particularities and details of a global idea, whereas globalization is based on the omnipresence of corporate processes and worldwide standardization [9]

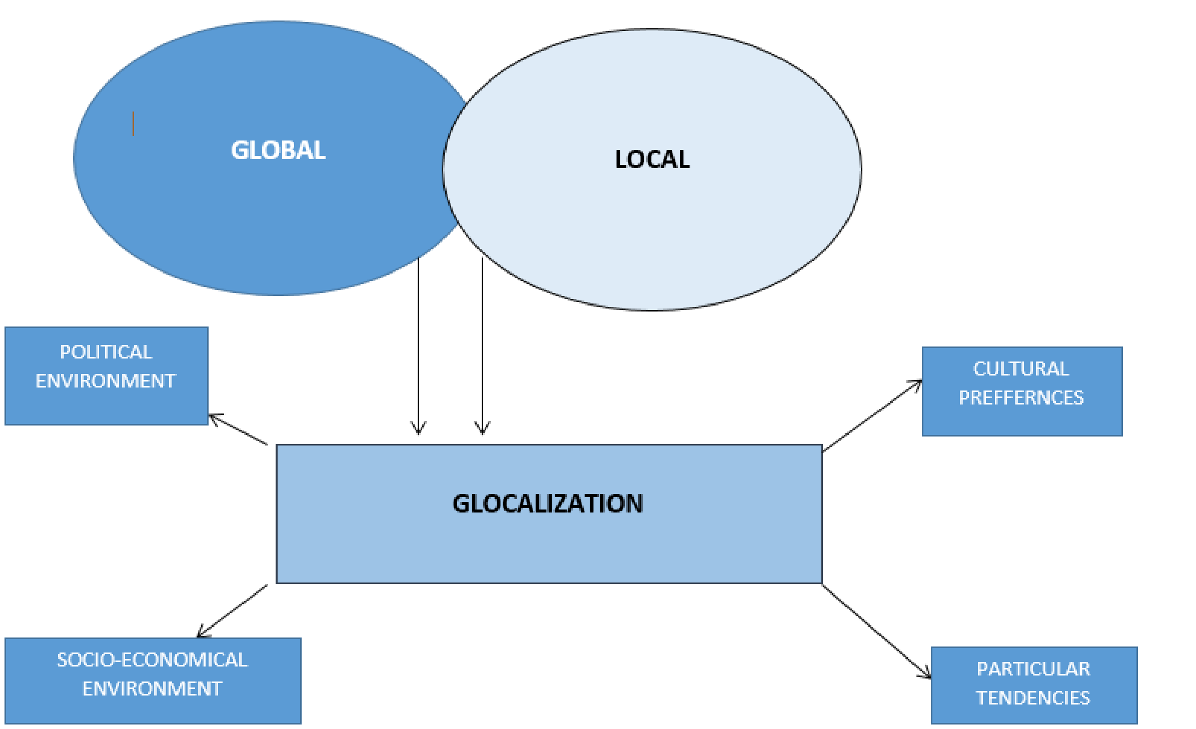

Figure 1 :The interface between global and local (resulting in glocalisation)

Kraidy [9] believes that glocalization changes norms and practices, tailoring to local mindsets, balancing cultural homogenization and heterogenization, standardization and adjustment, convergence and divergence, universalism and particularism [10], opposing the concept of globalization, which aimes toward full homogenizatio; glocalization blends local elements into global themes, products or services [11; 12; 13;14] defines glocalization as "the ability of a culture, when it encounters other strong cultures, to absorb influences that naturally fit into and can enrich culture, to resist to those things that are truly alien, and to compartmentalize those things that, while different, can nevertheless be enjoyed and celebrated as different". The glocalization phenomenon can be considered a strategically synergy of global market and local particularities and preferences that are driving to specific combinations [15].

To gain a better insight and understand the concepts presented in this paper, we will present the following table, conceived by Dumitrescu and Vinerean [3], which highlights the differences between globalization, localization and glocalization:

Globalization	Localization	Glocalization
Definition: "the tendency toward an international integration of goods, technology, information, labor, capital, or the process of making this integration"	Definition: "the process of adapting a product or service to a particular culture, language, developing a local appeal and satisfying local needs"	Definition: "providing a global offer (brand, idea, product, service, etc), while taking local related issues into account"
• Undifferentiation and convergence in customer preferences and income across target countries with economic development and trade • Takes into account mass demand • Globalism • Quantity • International brand awareness • Cost benefits from standardization • Falling costs of trade with greater globalization	• Differentiation - differences in customer preferences and income across target countries • Takes into account specific demand • Localism • Quality and values • Local brand recognition • Competition from both successful • domestic products and international brands • High costs of trade create separate markets	• Utilizing global experiences or a global brand name, and differentiating the offer in order to appeal to local markets • Operates within a global market and local market niches • Integrating both globalism and localism • Integrating quality and values in a product, that gets sold in large quantities • High notoriety of the brand • A glocal product / service can face competition from both local and international brands in a better way because it meets certain local needs or preferences, at lower costs due to the global edge of the company

Table 1.The differences between globalization,localization and glocalization
Source: Dumitrescu , L.; Vinerean S. (2010) , The Glocal Strategy of Global Brands

III. GLOCAL MARKETING STRATEGIES

The managerial departments of global corporations worldwide are dealing with a difficult task in the past several years: balancing the demands from their superiors at headquarters,while trying to pay attention to their local branch partners, who provide them with their local expertise, knowledge on how to adapt product attributes and promotional messages to local prefferences.

Some examples, presented by other authors as well, will be shown in this section to highlight the glocal tactics of multinational companies and specific combinations on marketing mix components [3; 16; 17]:

Product-based glocal strategies

- McDonalds's is the most known brand that could be considerer also the „brand of globalization", decided to implement a marketing program with specific products for each country. In Romania, McDonalds created the local dish McMici ("mici" a traditional Romaniandish of grilledgroundmeatrolls made from a mixture ofbeef,lambandporkwithspicesasdefinedinWikipedia); in India, the Maharajah Mac and Veggie McNuggets were commercialized, in Australia, the mutton pies, in the Philippines, McSpaghetti, Teryiaki Burger in Japan or the McLobster in Canada.
- Fanta offers different flavours around the globe, such as Fanta Shokata in Romania ("socata" or "elderflower juice" is a traditional Romanian beverage), green apple Fanta in China and watermelon Fanta in Spain and Portugal.
- Lay's Chips meet the prefferential tastes of locals from different countries across the world;f or instance, in the United Kingdom the most popular flavour is cheese-onions, in Thailand we can find Lemon Lays or Seafood Lays in China.

- Dunkin Donuts serves dry pork and seaweed donuts in China,Grapefruit Coolatas in Korea, mango Chocolate Donuts in Lebanon and Dunclairs in Russia.
- For the Indian market, global telephone brand Nokia released offers that would include an anti-dust keypad, to prevent cell phone damages caused by the heavy dust in the region.
- In Japan, comercialisation of the world's most popular doll, Barbie, owned by multinational toy manufacturer Mattel was a huge failure, untill they joint with Takara and introduced a Barbie tailored to the Japanese market. The Japonese Barbie was blond, round face and bigg eyes. This approach had better result on the market and letter was kept by Takara, renaimed Jenny and become the second best selled doll.

Price-based glocal strategies

- McDonald's and KFC are consider not only fast but cheap food for US market. Fon Indian market, comared with the local offer they become expencsive. That is why the decision was to reduce the price to a rand of 20-300 Rs, that still place their offers to as „high price". Similar situation was recorded in Romania at the begining when McDonald's and KFC offers were considered higher-end family dining like in India or other Asian countries.
- To reach the mass customers in India, Indonesia, Philippines, East European countries at the beginning of 1900s the multinationals creates cheaper price products by small packing, old models, using local supplier.

Glocal promoting

Upon entering the U.S market, Tesco, the British multinational grocery and general merchandise retailer decided to take a very careful approach, making the decision to not operate under its usual brand name but as "Fresh & Easy Neighboorhood Market". The decision was unexpected till the original name was succesfull in countries such as Romania, Hungary, Czech Republic or Thailand.

Another example of applying glocal promotion is Disneyland Hong Kong [4] which adapted its corporate vision of the theme park to the local visitors' culture: traditional Chinese food was introduced in restaurants, new seasonal entertainment was introduced (Disney's Chinese New Year), and even changes of decor and settings were made, according to the Feng-Shui disciple of arrangement (for example, the park moved its main entrance so that it is facing the right direction, one of the main ballrooms measured purportedly 888 m², as eight is considered a lucky number in Chinese culture, cash register were moved closer to corners or allong walls, etc.)

Distribution

- French haute-couture powerhouse Louis Vuitton adopted the policy not to sell their merchandise European countries, considering that it could damage the brand's luxury status. However, the policie to sell the products in shopping centers was considered void for China, Taiwan, Hong Kong or the United Arab Emirates.
- Yves Saint Laurent has launched a limited-edition perfume fragrance named "Magnificent Blossom", which was only comercialised exclusively in a luxury department store located near the Red Square in Moscow, Russia. The inspiration from this perfume came from the richness and splendour of Russian style.
- Initially, when entering the U.S market, H&M located its stores in the suburbs, but, facing price competition, management took the decision of relocating to more upscale, downtown locations, while maintaing the same prices.

Phillip Kotler [18] identified the advantages of glocal marketing:„Consumers have the feeeling that the brand is relevant to them and is tailored to their specific needs and requirements;The different levels of marketing activity (strategic,tactical and operative) are balanced;Greater market share of the brands (higher brand equity)"

Kotler also mentioned that combining the global policies and marketing with local expectations for their products and services gives the opportunity to optimise the local and global marketin simultaneously. Glocalization should not be regarded as a replacement of globalization, but as a process that gives unique, innovative and new insights that should be incorporated in the global marketing strategy.

The manner that the glocal marketing is used for the benefits of the companies stais in the marketers capacity and abbilities [19] to respond to the market and globalization challenges. Ofcource the opportunities are larger but the treats are also higher, and the marketers have to deal with a bigger volume of information and culture custumer behahior. For the aspects that have to be faced by the comunities the public marketing [20] takes the responsabiity and has to find the best way to respond on the benefit of all citizens.

IV. CONCLUSIONS

Adapting global products and services has almost become a necessity for global corporations; as it was evidenced, global corporations should not adopt standard global marketing strategies, operating as the whole world is a single entity-consumer behaviour cannot be predicted, especially when aspects such as cultural, socio-economical and political factors are taken into consideration. Marketers must acknowledge these circumstances and channel their marketing efforts in order to meet consumer's needs, integrating each culture's particularities into their corporate philosphy.Even brands that were associated with globalization itself had to realise that their strategy had to be redirected to a new approach and customized their products, in order to maintain succes and not lose market share.

Consumers want brands that are both global, and local: to feel like they are part of an international community, (global) and local, so that they feel connected to their culture, respecting it and representing their tastes, feelings and prefferences.

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