

# The balance between globalization and localization



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In the past a few years has touched the increase in the number of the worlds transnational corporation, TNC. It has become common, some leading enterprises to expand its products in many countries, become huge in size and economic. Along with the economy further thorough development in world, the economic globalization has become the basic trend that economy in the world develops, the activities of international community or everyplace area will bring into global economy, the world will become a system in the market that the unified network turns, the globalization marketing becomes multinational company of inevitable choice (Jagdish N. Sheth & Atul Parvatiyar 2001). This phenomenon has attracted the emphasis of numerous researchers, and taken to some research in this area. It can be find some interesting researches, when these companies want to reach a new market, the marketing manager also must make a choice, either taken <https://assignbuster.com/the-balance-between-globalization-and-localization/>

from of domestic market, the same strategy applies to the domestic market or changes it to fit in with the host country (Ghoshal, 1987). Accordingly, the international marketing studies of the most basic problem. When the marketing crosses over national boundary have to consider the change of marketing method, also exists the problem of international marketing globalization and localization definition. The transnational corporation carries out marketing plan in its market in each national market and deliver the mode of information concerning its competitive advantage and implementation competitive advantage probably totally different in the different nation, also probably completely same, the former is international marketing strategy in the market of globalization; And then would be international marketing strategy in the market of localization. But different countries and the consumer of region result of the dissimilarity of culture, religion, customs and tradition, it consumes a need or presents huge difference; this will need transnational corporation while carrying on marketing in the world, has to consume demanding difference to set out from these and practices the marketing strategy of localization. It is thus clear that, as for transnational corporation, globalization and native differentiation turn marketing to combine together, namely global localization marketing strategy in the world is the most ideal marketing strategy choice.

## **1. 2 Purpose**

Currently, the debate within global standardization and localization is very important, this because the strategic choice make a significant impact on the formation of business enterprise and maintenance international competitive

advantage (Shoham, 1994). This paper summarized the content of international of marketing globalization and localization perspective argue, and analysis of the strengths and weaknesses of the two strategies which could standardize to the international marketing process and the contents with localization to choose a conditional definition has certain instruction meaning aspect for the establishment of the transnational corporation and implementation of international marketing strategy.

### **1. 3 Research question**

This article will focus on the compound research of the globalization and the localization, namely what conditions should globalization under which aspects of international marketing activity, or which aspects should localization; how much the degree of globalization should, and also the degree of localization should be. The localizations and globalization being pure all exist shortage, so the effectively international marketing strategy should be the fusion of globalization and localization, namely global localization marketing strategy. Global localization marketing strategy substantially elaborated product standardization and personalized research, analysis of whether the multinational companies in the international markets is a high degree of globalization, or a high degree of localization. This article deepen studies the two kinds of international marketing strategies, which combine case analysis- two greatest fast foods retail KFC and McDonald.

How to balance the between Globalization and Localization of international marketing in different environments?— Compared with analysis of two cases

## **2 Literature Review**

The issue of international marketing between globalization and localization involves two levels of contents: one is the marketing process of the world's standardization and localization; the other one is the marketing contents of the world's standardization and localization. (the other one is the standardization and localization of the marketing strategy.) However, the global localization strategy is based on two views argue fusion with the global standardization and localization, this article about global localization strategy to expand the two levels, namely the marketing process and marketing content. Globalization and localization of the marketing process, including the contents of the decision-making philosophy and market segmentation and determined decision model; Globalization and localization of the marketing contents mainly include the choice of international marketing strategy of product, price, promotion, outlet and the brand etc.

### **2.1 Theoretical Framework**

Since 60's in last century, have been 40 years existing a relevant issue that standardizes with localization during the research and application of the international marketing (Jain 1989; Whitelock & Pimblett, 1997). The early debate focused on the effectiveness of the international advertising. By Elinder (1961), Roostal (1963) and Fan (1964), feasible standardization advertising market in Europe, but Lenormand (1964) hold the opposite view of Europe is ready to meet the advertising standardization , doubts about ultimately conclude that no one can make European advertising standardization become a common feature possible.

After the 1970s, the focus of debate has been converted to completely standardize and the condition problem of complete localization. Britt (1974) believes that products and services can be standardized depending on consumption patterns, psychological characteristics and unified cultural standards. Dunn(1966) have found that full integration and adaptation is not the optimal choice, they suggest using a standardized prototypes, for example, the same ads as long as different points as appropriate, in line with the translation of the local language habits and change can be used for multinational market, which is the advertising industry's famous " mode of advertising" (Advertisement Pattern). The above controversy always keep on up to now, although there is no clear conclusion, but according to various theoretical support trend can these theories is divided into three parts standardization, localization and global localization.

## **2. 2 Empirical Presentation**

### **Marketing globalization**

Marketing globalization refers to the marketing strategy which aims at the global market, emphasize the similarity and ignore the otherness at the same time. Considering all the people have the same preference and consumption tendency, regardless of the different nationalities and personalities. The company can implement standardization marketing and management strategies. The characteristics include following contents: the market demand indifference; target market and the allocation of resources globalization; marketing decision centralization; product standardization; marketing strategy combination unification; marketing performance evaluation globalization.

In 1983, Professor Levit. F published an article “ Globalization of the market”, this article raise a wave of arguing by topic of “ localization” and “ globalization”, also this article make Professor Levit become the representative of researchers who support global standardization after 1970s.

In the article, professor presented a few hypothesis:

First is the development of technology. The consumers can receive the same information allover the world at the same time by advanced communications. This provided the standardization of marketing a technical support.

Second is the differences of life-style and consumer’s interests in different countries is reducing day by day, this kind of changes provide a potential condition to the global standardization of the manufacture and marketing.” Different culture and national preference, standard and different commercial customs will become history, while some customs vanishing, there will be some other new customs replace them and blend into the mainstream preference of the world. “

Third, global standardization provide the consumers low price and high quality at the same time. “ If a firm can reduce the cost to lower the price, improve quality and reputation, and emphasize the applicability of the product, it will make the consumers to choose the global standardization product of the firm.” Global standardization can bring the consumers benefits, that’s the reason of global standardization.

Due to these reason, Professor Levit considered international companies should implement standardization marketing strategy. Manufacture same product and implement same marketing plan.

Also there are many researchers have the same viewpoint with Professor Levit, such as William B. Werther, Jr. His article “ Toward Global Convergence,” described a gradually common global market. Take McDonald as an example, he described a global youth market which will provide a big market to NIKE and MTV.

The premise of international standardization marketing is homogenization of the consumers’ demands and behaviors. Eshghi(1985) and Sheth(1985) used the data of Leo Burner Advertising Agency to compared the variables of the life-style in France, Brazil, Japan and America. The research compared the modern life-style and traditional life-style in each countries. Modern life-style represent the globalization of the consumer behaviors, and the traditional life-style represent the localization of the consumer behaviors.

## **Localization of Marketing**

Localization of Marketing means the firm divide the international market into market segments by the factors like location, nationality, culture and life-style, value the difference of the market demands, try to adapt to the different market environment. It pursue local design, local manufacture and local marketing. The factors are implement target market multilateralization, differentiated marketing tactics, marketing decision decentralization, product differentiation, resource localization and portfolio of marketing strategy differentiation.



After Professor Levit present his opinion, Susan P<sup>1</sup>/<sub>4</sub>ŽDouglas and Voram Witad present their different opinion of globalization, and they prefer localization, which also made Douglas become the representative of localization marketing strategy.

Douglas pointed out the mistakes of hypothesis which made by Professor Levit. First is the similarity of the consumer demands and preference. He believed that, it may exist some similar consumers but there are much more different demands in different countries. Thus there is no reason to believe the tendence of similarity between all the consumers.

Second, Douglas believe that low price strategy is a weak strategy, because the development of the technology will reduce the cost, and the firm will be attacked by the other competitors at this point. To the consumer, those who is sensitive to the price, has less loyalty to the brand, and in the international market, the consumer pay more attentions to the reputation, function and service after sale.

Third, Douglas considered the automatic production technology has successfully reduce the manufacture cost, otherwise the manufacture cost has no longer being the main part of the firm cost. Modern company, the most important factor is not to reduce the cost, but to understand the demands, preferences and purchasing behaviors of the consumers, and to adjust its strategies and product functions to meet with the customers demands.

In a word, Douglas believed the globalization is the competition of globalization, but the market does not become similarity. The consumer

demands and preferences doesn't have the tendency of globalization. On the other hand, the firm should implement the localization strategy and make adaptations to meet the local demands.

However, the global standardization has data to prove it, so do the localization supporters. Beaty and some other researchers use the "Yankelovich detection method" and AIO method to research on the life-style of the different countries, these researches present different kinds of life-styles in the different market segments. Some of the market segments have common ones but also some are not. These researches proved Douglas's theory is true.

Harold Clark also opposed international standardization marketing. He provides 3 reasons for what he supports. First, the consumer, himself (herself) does not become global, national and culture characteristics are still there. Second, consumers won't always buy the "global" brand products, they don't care if this brand can be found in the other market or not. Finally, the consumer's customer value is personal, so consumers always let their personality naturally affect their brand choice which reflects the customer value. In this regard, consumers could be in a positive way to give the brand a personality. Last two points are more important, consumers always build brand awareness, even if the "global brand" is also established, consumers are on the basis of the local culture and the local brand awareness, and thus "global brand" is actually a group of the same brand which is named as the code of the local marketing assets.

## **Glocalization**

Glocalization is different from either marketing globalization or marketing localization; it is a kind of way to combine the globalization and localization well. For Multinational Corporation, glocalization is the improvement of the global marketing theory, and it required that Multinational Corporation make the marketing strategy based on the local environment to turn little of global standard. And glocalization shows that global marketing had walked out of insularity into rationalization.

The long-term argument of marketing globalization and marketing localization made the scholars to realize that the way of definition of marketing strategy is not a simple dichotomy method, total globalization and localization is not easy to come true. So they changed their way of claiming these arguments (Theodoridis & Leonidou, 2003; Cavusgil & Zou, 1994). First, globalization and localization are regarded as two ends of international marketing strategy, and there is a link between two ends, then the Multinational Corporation can choose the combination between the globalization and localization to make a strategy (Jain, 1989; Quelch & Hof, 1986; Waiters, 1986); Second, the level of globalization and localization are considered by the external and internal factors of the company (Akaah, 1991; Wind, 1986); Third, whether the level of globalization and localization is right for the company is judged by the company performance (Cavusgil & Zou, 1994; Jain, 1989).

Some scholars agreed that the key of how to make glocalization into effect is the company must evaluate its ability according to the global market and

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local market. So from the above discussion, we can see international marketing strategy it's a balance between the full localization and full global standardized.

These studies play a guiding role for multinational companies to choose the international strategy. During the process of the discussion, a lot of scholars have proposed a comprehensive global standardization and localization of compromise, that is global glocalization.

Marketing process

Marketing content

Argue about globalization and localization of international marketing

The globalization of international marketing

The localization of International Marketing

Global localization of International Marketing

Determination of the decision-making philosophy / market segmentation / decision-making mode

The choice of the elements of the international marketing of the product, price, promotion, channels, and brand strategy

### **3 Method**

In this article, we make a summarize and literature review of the international marketing strategy about global marketing, local marketing and glocalization, then we analyzed the different among the three kinds of

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international marketing strategies. Then is the extension of the theories, basis on the previous studies, we show our opinion of the glocalization strategy, the link between the global marketing and local marketing, and how balance the two kinds of strategies.

In the case study part, we take two fast-food Multinational Corporation in the world, KFC and McDonald, using the way how they operated in China marketing to combine the theories, in order to make further research of the balance of marketing globalization and marketing localization.