Glocalization – An Ingenious Survival Tool for Multi-National Companies (MNC’s) in Indian Market

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Abstract: Every business purports to flourish all over the world, but only a few succeed. Despite holding reputable brand name and product or service quality, many of them endured to capture the local attention at various geographical locations. Although the name and fame of few companies drew niche market, Brobdingnagian investments forced the businesses to go further for lucrative returns. The quandary of brass impelled to opt for additional strategy to outlast in the specific local market. To surmount the Kotler’s third ‘P’ consequence, multinationals has conformed the glocalization strategy, i.e. redesigning the product or service of global perspective to satisfy the local interests. Local culture and preference intervention in product or service convinced, attracted and developed the consumer range. This paper discuss the glocalization strategy, assess how glocalization is used as a survival tool in specific local market and address how various big brands gone local (Go-Local) and bloomed in Indian market.

Key Words: Glocalization; Product placement; Product redesign, Local preference.

1. Introduction

The prologue of Liberalization, Privatization and Globalization (LPG) policy created a revolution, affecting the growth and development of economic activities and business opportunities all across the world especially in the developing countries. Globalization has brought several changes in the way of trade, communication and even in policy decisions. Increase in the mobility of goods, services, labor, technology and capital throughout the world has pervaded and affected not only regional economies but also the organizations which ensued an increase in the instability and inconsistency in the socio-economic performance of foreign products. In this current competitive global world, no multinational corporations can afford to remain as an “island” since the world is truly becoming a global village because of the progress in the innovation. Therefore it is necessary to develop a global mind-set, which might be useful in interacting and intercommunicating with different people from different culture and traditions. Every organization should have an ability to analyze the world with a broader outlook looking forward for the unexpected opportunities in order to accomplish the organizational goals and consumers needs. Without having complete knowledge on the importance of the local culture and traditional lifestyles, the multinational companies cannot compete in the other nation’s local markets. To capacitate themselves and to strengthen the local market life, companies have to design their product and services according to the local consumer interests. This means the product or services to be customized, conventional to the local laws, customs and predominantly to the consumer preference. Thus the concept of Glocalization (a neologism of globalization and localization) has emerged as a new strategy to serve the local consumer deliberation.

2. Notion of Glocalization

It is often difficult in social sciences to sketch the origin of concepts, theories and ideas, which are often the outcomes of collective activities. The term glocalization was originated in the late 80’s in Harvard business review articles, written by Japanese economists and was derived from the Japanese word “Dochakuka” (do-land, chaku-arrive, ka-processing of) which means ‘Global-localization’. Glocalization is an answer to some of the challenges of globalization. It creates a more socio-economically balanced world for the accommodation of global outlook to local requirement addressing the global challenges by integrating the global prospects and local interests.
According to the Oxford Dictionary of New Words, the term “glocal” and the process noun ‘Glocalization’, can be formed by mixing “global and local” [1].

Roland Robertson (1995) the sociologist was credited with popularizing the term, describes glocalization as “the tempering effects of local conditions on global pressures” and that it means “the simultaneity – the co-presence – of both universalizing and particularizing tendencies.” [2].

Thomas Friedman (1999) defined glocalization as “the ability of a culture, when it encounters other strong cultures, to absorb influences that naturally fit into and can enrich the culture, to resist those things that are truly alien, and to compartmentalize those things that, while different, can nevertheless be enjoyed and celebrated as different” [3].

Richard Tiplady (2003) defined Glocalization as “the way in which ideas and structures that circulate globally are adapted and changed by local realities’ [4].

3. Glocalization Aspects

3.1. A Survival Strategy

A few years ago, globalization was the new archetype in multinational corporations, which altered the international competitive dynamics in most of the industries with a different vision and strategic thinking. Most of the multinational corporations are adopting global and local strategies for marketing their goods and services in different countries. Global strategies involve developing the marketing strategies taking the world as a single unit i.e., marketing the products using a standardized marketing mix throughout the world. Local strategies involve marketing strategies for a specific region based on its cultural or regional individuality. Any organization must determine either to standardize or localize their products though the consumers do not seem to feel an acquaintance with the products of the global firms in a branded perspective. Thus, there emerged the concept characteristics encapsulating the global and local referred as Glocalization.

Economic challenges, cultural diversity and consumption habits are the complex operational scenario for most of the global brands. To operate around the globe, pure standardization across the markets is not being the finest choice. In order to increase the market share and penetration, global firms should implement variety of strategies. To address this problem in the marketing, global corporations accompanying their core strategies with the global initiatives, which is a mix of global strategy and local adaptation to promote better market penetration with the same global brand. By utilizing their global experiences, successful corporations are developing a glocal strategy in customizing and tailoring its services and products to meet the demand of the local markets. This strategy is not only applicable for designing the products but also for the incorporation of their brand all over the world.

3.2. Success Mantra: Think Global Act Local

The phrase “Think Globally, Act Locally” quoted by William Lamson, is an emerging core mantra of many international corporations, as it is playing as a strategy in most of its marketing segments. This strategy has emerged to overcome the impact of globalization on the local economies. In order to lead and conquer the markets beyond their cultural and geographical boundaries, glocalization is an impetuous path adopted by the organizations. To be successful globally, the marketing managers must act locally in different markets, which they choose to enter. Glocalization empowers the local commune by linking them to the global resources, providing opportunities for positive social change in the segments that they mostly connected facilitating ingenuity of peace and development. The purpose of glocalization is to guarantee a stable globalized world, protecting the cultural heritage of the local areas. The success or failure of any multinational corporations depends on understanding and enduring the cultural diversity on one hand and performing in accordance to the norms and beliefs of a certain culture on the other hand. Thereby, by aligning their core global vision with their cross border market vision, many organizations might achieve leadership in their business operations in locally and globally.

3.3. Requisiteness of Go-Local

The term “local culture” is commonly used to portray the experience of each day life. The main thought of glocalization is to share the global information locally by providing flexibility to the consumers to find, organize, share and create the global information in a locally meaningful approach. Even though the socio-economic and political interdependencies makes the world ever more global, our mind and souls still adhere to our ancestries and desire to comfort our local surroundings. With the glocalization strategy, a global corporation’s goal is not only to market a product or services rather it has to design the product according to the consumer preference. The investment and the infrastructure for any product
In the competitive world the firms should mould through proper advertising. In order to survive the needs of its customers in the individual countries they understand the reachability of their brand to the programs effectively. So, the marketers should face challenges in creating the advertising in their target markets the multinational marketers in the local marketing circumstances. With diversity firms might be successful when they got adapted to the local market. The marketing activities of most of the global firms might be successful when they got adapted to the local marketing circumstances. With diversity in their target markets the multinational marketers face challenges in creating the advertising programs effectively. So, the marketers should understand the reach ability of their brand to the needs of its customers in the individual countries through proper advertising. In order to survive in the competitive world the firms should mould their existed global standardized products according to the regions they enter by prioritizing the values, beliefs and traditions of the consumers in the local markets.

3.4. Finesse Business Craft through Standardization

Currently, many global corporations are encountering difficult in decision-making concerning the marketing strategy to adopt in the local markets since they are facing lot of problems related to the cultural environment. The theory of standardization of the marketing activities works only on a strategic point of view not on operational level. The marketing activities of most of the global firms might be successful when they got adapted to the local marketing circumstances. With diversity in their target markets the multinational marketers face challenges in creating the advertising programs effectively. So, the marketers should understand the reach ability of their brand to the needs of its customers in the individual countries through proper advertising. In order to survive in the competitive world the firms should mould their existed global standardized products according to the regions they enter by prioritizing the values, beliefs and traditions of the consumers in the local markets.

4. Glocal Strategies adapted by different MNC’s in Indian Market

4.1. Food & Beverages

McDonalds is one of the giant food chains serving 68 million consumers in about 119 countries with 36538 outlets, founded by Richard and Maurice McDonald, as a barbecue restaurant in United States, 1940. In 1948 using some production line principles they reorganized their business such as “Food is a part of culture and we know the culture varies from one country to another” and “The culture of any nation depends on the geographic location, ecosystem and on the environment which influences the perception level”. It mainly sells hamburgers, chicken products, cheesesburgers, French fries, soft drinks, milk shakes and other desserts. Based on the consumer tastes it expanded its menu and included fish, smoothies, fruit and wraps. In order to target vast Indian vegan population, McDonalds introduced McAloo Tikki and various other vegetarian dishes in the Indian menu. Consuming beef and pork is a cultural taboo in India. So, McDonalds has modified majority of its non-vegetarian menu and introduced variety of dishes with chicken and fish.

Taco Bell is an American fast food restaurant established in Irvine, California, U.S, well known for serving Mexican dishes based on the consumer expectations. They make variety of Tex-Mex dishes like tacos, nachos, burritos, etc., with a variety of value menu items. It serves more than two billion consumers every year with 6407 restaurants operated by the private franchises and licensees. It has started its operations in India by adapted to its culture while making its dishes, as their original dishes are non-traditional to the Indians. They developed a fusion product — “Kotito” which is a combination of the Indian bread with the fillings of burrito from inside. It looks as an Indian outside giving an international punch to the overall taste. It has specially hired the employees to explain its dishes to the customers in India.

Kentucky Fried Chicken (KFC) is a fast food restaurant serving a specialized dish of fried chicken and is headquartered in Louisville, United States. It was the first fast food MNC in India. It was failed initially in the Indian market, as its dishes did not suit the taste buds of the Indians and it took more time to draw their attention. Later it has customized its dishes by taking the requirements of the consumers into consideration and became a top destination for the chicken lovers. Recently, it has announced it vegetarian dishes in its stores only in India, as the people in India don’t mind eating a vegetarian food in a non-vegetarian serving restaurant. It has introduced a vegetarian thali and chana snacker (burger with chickpeas) to the vegetarians in India.

Subway is the largest single brand American fast food restaurant franchise in the world with 44852 restaurants in 112 countries and territories as of 2016 that primarily sells submarine sandwiches and salads. In India it was first opened in New Delhi in 2001 and spread all over the country within a decade. It has adapted the same rules along with the other global food chains in India. It has introduced more vegetarian options with the Indian spices.
When compared with the other global food chains it has introduced one thing in different, it started providing a separate counter to provide Jain food by opening only vegetarian restaurant in Ahmedabad, Gujarat. This has helped the Subway to capture the market in Ahmedabad too.

Pepsi Co is an American multinational food and beverage corporation, headquartered in New York, United States. It manufactures and distributes grain-based snacks, beverages and other products all over the world. This is a major brand, which knows the different techniques to adapt to the local taste buds. In India it has produced so many products with the localized flavours like Kurkure-Hyderabadi style, Rajasthan green chutney style, chilli chatka, Soft drinks with different flavours like slice for the mango lovers and lately revive with a signature sweet and salt lemonade Indian taste.

Starbucks Corporation is an American coffeehouse chain headquartered in Seattle, Washington in 1971 operating 23,768 locations worldwide. In 2011, January the Starbucks Corporation has announced its plans to start starbucks in India. In India it is formerly known as Tata Starbucks Limited, which is 50:50 joint ventures owned by Tata Global Beverages and Starbucks Corporation. The main food items are pre-packaged food items, hot and cold sandwiches and apart from the usual international products, starbucks offers Indian style products such as Tandoori Paneer roll, Elaichi Mawa croissant and Murg tikka Panini. They have removed the beef and pork from its menu as it is considered as a taboo by most of the Indians. They have customized the Indian menu with local favorite chai, tea, latte and coffee roasted locally. They maintain sperate ovens and counters for the vegetarians.

4.2. Fast Moving Consumer Goods

Hindustan Unilever limited is owned by Anglo-Dutch Company, ‘Unilever’ with 67 percent of controlling shares, produce Indian consumer goods headquartered in Mumbai, Maharashtra, India. It produces foods, home appliances, beverages, personal care products and water purifiers covering 2 million retail outlets across India and its products are available in 6.4 million outlets in the country. When it entered first time in India, it encountered several challenges with the price and packing. Bottle sized products did not work in most of the geographical area, as India has more rural culture injected than the urban counterpart. So it studied the local market in India and identified the importance of rural customers and targeted the rural customers. As a result, it brought a revolution in the products (mainly shampoos) by customizing them into smaller portions costing very less in the form of sachets and penetrated into the rural markets of India. This sachet revolution got hit around 70 percent sale in its entire shampoo sales.

Gillette is a brand of safety razors and other personal care products for men including shaving appliances, which was previously owned by Gillette Company and later merged with the multinational corporation Procter&Gamble (P&G), headquartered in Boston, United States. It has used a very different strategy to attract the Indian men and based on the shaving habits of the Indian men it developed completely new products. It introduced cartridges and a large safety comb to lessen the cuts and nicks. It reduced the cost when compared to the US market and makes it more affordable to the rural Indians too. This is how glocal strategy helped this company to capture more than 50 percent of its shares especially in India by introducing low cost razor ‘Gillette guard’ of 15 rupees with easy rinsing and unique grip design in the Indian market.

Fair & Lovely owned by Hindustan Unilever Limited produces various skin fairness products such as face creams and face washes. Unlike western nations majority of the Indian origins have brown skin tone; in addition to that most of them are subjected to heavy tan resulting their skin to go even darker. Multi-national’s here took an opportunity to capture the potential of fairness rejuvenating products; hence the evolution of the fairness products evolved and was designed according to local specific needs. Eventually the market of these products has boomed and hence the increase in competition in the present market.

4.3. Electricals & Electronics

Whirlpool Corporation is a multinational manufacturer and marketer of home appliances. Its headquarter is located in Benton, Charter Township, united states having 70 manufacturing and technology research stations across the world. As a part of the glocal strategy, Whirlpool Corporation developed its products based on the tastes and needs of the consumers. It has started a revolution in the domestic appliance makers forming a joint venture with a local Indian partner to customize the washing machines suiting the Indian tastes and needs. It introduced a designed agitator into the washing machines, which has helped the Indian women in washing the five-foot long sarees without getting twisted. It also customized its refrigerators with bright colors in most of the Asian countries according to the tastes of the consumers. Since this company believes the
success of any MNC lies on standardizing its goods worldwide by what it can and adapting the strategies in the local markets.

Nokia Corporation is a Finnish Multinational communications and informational technology company established in 1865 in Espoo, Finland. Keeping the mindset of the Indian rural people and drivers it has introduced phones with dust resistant keypads, anti-slip grip and with in-built torchlight’s targeting the rural households. It has also launched multi-SIM devices (C1 and C2 series) in India based on the consumer needs. Though it produced dual–sim devices earlier but fails to market early losing the early market shares.

4.4. Automobile Industry

Although many international automobile companies has a wide market for their sedan models in many countries, these companies are focussing and designing more hatch back models in India to capture the vast market potential. Majority of the commercial four-wheeler buyers in India belongs to above middle class in the mind set for opting a four-wheeler involves attributes like mileage, parking space and size of the car and transmission. Various international automobile manufacturers like Chevrolet (GMC), Suzuki and Ford are redesigning their hatch back variants to suit the Indian conditions and to attract the Indian consumers.

Piaggio Vespa scooter is an Italian brand manufactured by the Piaggio.In Italian, Vespa means ‘wasp’. It has evolved from a motor scooter manufactured by Piaggio &Co. in 1946. This brand became famous with the highest sales of Asia over 35 percent in the period of two years. Now the product became so popular and a status symbol in Vietnam with well painted, pressed steel uniquely-body with a complete cowling for the engine, a flat floorboard for foot protection and a major front fairing for wind protection. In order to penetrate into different markets all across the nations, it lowered its cost by manufacturing with a plastic pressed body. In 2012 this iconic Italian two-wheeler entered the Indian market with some modifications in its product to suit the Indian roads and riders. It made the key changes in the product like slimmer design, redesigning the rear wheel structure to facilitate easier tyre change, when compared to the European product the efficiency of the product is increased with 62km per litre, which was 35 in Europe, the ground clearance is increased and the lower footboard gives more legroom to help the Indian women riders sitting side-saddle in the back seat.

4.5. Logistics

DHL Express is a German logistics company ‘Deutsche Post’, providing express mail services internationally. It is the world’s largest logistics particularly sea and airmails. It was originally established in 1969 to deliver the emergency documents between San Fransico and Honolulu and by late 1970’s the company expanded its services throughout the world. Today, DHL express shares its brand with the Deutsche Post business units like DHL global forwarding and supply chain. The Indian market, mostly by the student community who used to travel abroad for the higher studies has constrained the company to customize the areas of logistics. Most of the universities bother the Indian students at the time of application procedures by asking them to send their application form through offline via postal services, which is of high cost. To address this issue and to get exist in the local markets, DHL introduced the University Express with high reliability and a less cost of INR 890 per piece of document. It can be easily tracked with waterproof packing. This is a glocal strategy adapted by DHL in order to survive in the local markets by catering emergency services to the students.

4.6. Broadcasting

Viacom’s MTV is a part of the media conglomerate Viacom having international operations of many television channels and Internet including MTV channel in the U.S. MTV was started in United States in 1981 and became most popular music channel across the globe. Initially it did not get much popularity in India, as the locals were not able to connect with the western style of the channel. Over the years it got adopted to the Indian music, lifestyle culture and to the local tastes and then started Hindi pop in India to appeal the masses. They revamped their channel offerings and started entertaining based on the local music rather than the international shows. As a result of the adaptation of the glocal strategy in six months it attained huge viewership in India.

4.7. Fashion

Bottega Veneta is best known as the Italian luxury leather goods produced worldwide. It was established in Veneto region, North Eastern Italy in 1966 and its headquarter is in Lugano. This premium Italian luxury fashion brand has started its marketing operations in India with several retail stores in Bangalore, Chennai and Delhi in India with a target group of rich and super rich classes. Keeping the traditional costumes of Indians in mind it started customizing its products blending
the culture and luxury. A classic embroidery design was introduced as a limited edition clutch (Knot India) with a mix of Italian and Indian style. Another customized design for the Indian taste is ‘Bandhgala’ or the ‘closed neck jacket’, which was primarily inspired by the Indian Prime Minister Jawaharlal Nehru. Keeping the terms ‘luxury and sophistication’ in mind this Italian premium retail brand is designing according to the Indian taste for the Indian market which is nothing but a glocal strategy.

5. Conclusion

The trade and commerce of any business in today’s world is highly interconnected with the worldwide exchange of ideas, products and services. Globalization and the global strategies have brought several advantages to the businesses all across the world. However in pursuit of their success many organisations found that the traditional and cultural aspects of the local markets are playing a vital role to achieve success. In order to penetrate into different local markets, the global firms should have a firm grasp on the concept of global and local. Globalization has created many challenges to the global firms and by adapting this glocal strategy many companies are easily making their market shares. This glocal marketing attempts to fill the gap between the local cultural preferences and the firms are trying to re-establish the connection between the global brands and local culture. Due to developed communication and transport systems, organizations are going beyond their limits in order to exist in every region by considering the needs and preferences of the consumers and spreading its business activities accordingly. To attain success economically and in reputation, the global firms are following different strategies with diversity; in other words, they are acting according to the specificity of the local markets. For the long-term survival and growth of any business, the standardization of the products are integrated with the adaptation of the local tastes and culture since going for glocal is the core mantra of the organisations in the future. The truth is most of the people want both the global products with international brand value and local products with the culture and traditional essence representing their tastes. However, not everyone is happy with the changes of the globalisation as it is showing a lot of impact on the bread and butter earnings of the small-scale domestic producers.

6. References


