

# Glocalisation: Success Mantra of Globalisation

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## ABSTRACT

*The concept of glocalization is derived from that of globalization and localization signifies that companies should not only think globally but also act locally while addressing business functionalities including branding, marketing, advertising and product promotion. Recently, many multinational giants have successfully penetrated into emerging markets due to their product or service quality but there are cases where companies have failed to earn profits due to lack of glocalization strategies.*

*The concept of glocalization is particularly important to the food industry because of the seamless challenges this industry faces due to the typical differences that exist in the food habits of people belonging to various regions/religions/cultures across the globe. There are numerous examples of companies doing extremely well in their local markets, but when they go global, they fail completely. One of the reasons that can be cited is not adhering to the challenges put forward by cultural and regional differences. Like some animals are considered sacred in one region and are consumed heavily in some others. The glocalization strategies also should take into account various cultural and religious issues like McDonalds and Pizza Hut both modified their menu to take into account the religious beliefs of Hindus and Muslims in India, by not serving beef and pork.*

*This is a research paper focuses on multinational food giants and identifies suitable strategies for establishing themselves and gaining market share in a diverse country like India. In this paper I will more focus on how McDonald and Pizza hut enter in a foreign market inspite the differences in culture and eating habits.*

**Key words:** Glocalisation , Culture, Localisation, Strategies, Multinationals, Strategies

## INTRODUCTION

**Globalisation. Think global, act local. Think local, act global. Glocalisation.**

Along with the development of market economy and globalization, the corporations as the social economic entities, have become more and more important to promote a nation's economic development. According to the previous research results in the field of management, corporate culture is proved to play a crucial role in determining a corporation to be successful or not. However, the reality is that many companies spend much time on specific business and make no effort to care about building their companies' corporate cultures. People around the world are similar as well as different, they are similar since they share common characteristics, and at the same time they are different since each one of them have been born and brought up in different cultures having different set of values. According to Naylor (1997), all human beings are fundamentally the same, but culture makes them different and distinguishes them from other groups by creating and developing their "own version of culture" to meet their needs, desires and goals.

Glocalisation combines the words "globalisation" and "localisation" to emphasise the idea that a global product or service is more likely to succeed if it is adapted to the specific requirements of local practices and cultural expectations. The term started to appear in academic circles in the late 1980s, when Japanese economists used it in articles published by the *Harvard Business Review*. For the sociologist Roland Robertson, who is often credited with popularising the term: 'glocalisation means the simultaneity – the co-presence – of both universalizing and particularizing tendencies' (Robertson, 1997, p. 4). Globalization and localization together can start an internationalization process based on the "globalization of the

local product" and the "localization of the global product" without refusing each other or being in contradiction. The local product is positioned in the global market and is accepted if it will have the necessary characteristics to satisfy specific niches of global market and the global product if it will suit those local markets which want it aimed at them and therefore locally modified. The indication highlighted by the scenario will have a double way of development. Culture is another aspect affecting the local market. Culture represents the whole set of social norms and responses that shape the knowledge, belief, morals, attitude and the way of life of a person.

**Localization of the production market:** here a company highlights the territory, the uniqueness and the typical characteristics of productions and products.

**Localization of the outlet market:** the company accepts that some local aspects of the outlet market are seriously considered (requests of the consumer-utilizer, of the distributive system, of the communication and promotion aimed at specific areas or niches), in the niches reached by the local products and in the local markets reached by the global products the enterprises must take the local characteristics into serious consideration if they want to reach them in the better way. The localization will be able to give a remarkable contribution to the economic development.

## RESEARCH METHODOLOGY

The present study is based on the secondary information. The information has been collected from different sources like internet, magazines, journals and several books. It is descriptive study. The paper is structured in the following manner

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- Introduction
- Glocalisation is changing power of globalisation
- Entry strategies of McDonald and Pizza hut
- Comparative analysis on the basis of SWOT analysis
- Conclusion

## GLOCALISATION IS CHANGING POWER OF GLOBALISATION

The localization will be able to get a series of important aims maintenance of a unique and typical productive standard availability in the time of an exclusive productive know how cognitive, structural, managerial and economic chances availability of knowledge and unique competitive advantages; interaction between producing enterprise and localization of production and outlet market; cognitive chances deriving from the local context of the production and outlet market; possibility of integration in a productive system. From the localization can derive chances and expertise, that if the enterprises are able to exploit well can give a valid contribution to improve their competitiveness.

The globalization opens new horizons to local and global enterprises, in particular to the small and medium ones seriously interested in facing the "glocal way". To grow in the global market, but also in the local markets the enterprises must be able to take the offered chances deriving from the relation/integration. Globalization and localization; for many small and medium companies thanks to the globalization the local characterization will not be any more a limit, but on the contrary a competitive advantage with which they can face strategically the global market, in particular the special niches located in this market and interested in differentiated products, as the glocal products are.

The technology will give a big help to marketing and sale to understand and to act strategically in the new market. Localisms and globalisms of course will be near as several local markets will have many occasions to know global products and segments of the global market to know local products. In particular the small and medium enterprises thanks to communication and telematics will be placed in the happy condition to access the global market with their local products and therefore to receive a valid contribution for his internationalization process.

## ENTRY STRATEGY OF MCDONALD AND PIZZA HUT IN INDIA

The McAloo Tikki one of the most famous burger is actually Indian. Due to a large number of vegetarians in India. McDonalds had no choice but to launch vegetarian menu and they launched it. That became so successful that they are launching the burger in other countries too now. The Indianised menu is not just restricted to McDonald but to every large fast-food MNC chain operating in the country. Also McDonalds and PIZZA HUT introduced Home Delivery Concept for India. Teenagers' visit McDonald's and the pizza hut as the menu is affordable, and there is internet access in some restaurants.

Globalized strategies involves marketing of standardized products using standardized marketing mix in the same way

everywhere. Localized strategies on the other hand, involves marketing strategies for a specific region according to its cultural, regional and national uniqueness.

## MCDONALD'S

McDonald's Corporation is one of the best users of globalization. Each of its restaurants, in more than 100 countries, offers McDonald's branding, but the actual menus vary to meet the local culinary tastes and dietary requirements. McDonald's restaurants in India offer mostly chicken, lamb and vegetarian dishes since many Hindus don't eat beef. Walk into an Israeli McDonald's and you can order a kosher Big Mac (minus the cheese). Various global television networks adapt their programming to better suit particular markets.

Although McDonald's is often cited as a clear example of standardisation, the president of McDonald's International has insisted that the company is 'as much a part of local culture as possible' (quoted in Ritzer, 2004, p. 179) and its standard menu has been glocalised to accommodate local foods. In the British case, this reflects the country's fondness for Indian food with offerings such as 'McChicken Korma Naan'. Burger King, Wimpy and other hamburger outlets have also offered their own versions of Indian meals. Thus, the original glocalisation of Indian food for the British market has itself become the input for a new wave of glocalisation.

McDonald's has also glocalised the way in which its restaurants are used. In Beijing, the menu is the same as in the USA, but the restaurants are presented as local places to linger, often for hours, over a snack. It organises children's birthday parties and employs female receptionists who deal with children and talk to parents. Indeed, in Japan, Taiwan and other East Asian outlets, customers have quietly but stubbornly transformed their local McDonald's into a local – or 'glocal' – establishment (Ritzer, 2004, pp. 179–80). In this respect, the expectations mediated by 'local rules of practice' have enabled a reinterpretation of an ostensibly 'universal' product and service.

McDonald's opened its first restaurant in China and now has over 400 outlets. Nevertheless, when Chinese people walk into McDonald's they take their traditions with them! Whereas many Western customers view McDonald's restaurants as the source of a quick and cheap meal, the Chinese typically make an occasion of going to McDonald's.

## PIZZA HUT

Pizza hut a look at their menu shows us how many special exclusive Indian pizzas they have for vegetarians they have a host of Paneer offerings and for Non-vegetarians the Kabaab and Chicken Tikka Pizzas.

Pizza Hut is one of the flagship brands of Yum! Brands, Inc., which also has KFC, Taco Bell, A&W and Long John Silver's under its umbrella. Pizza Hut has 143 stores across 34 cities in India. Pizza Hut ensures that they have presented the best alternative to dining out. Pizza Hut is currently leading the food chain industry by providing a convenient service to a variety of venues. Pizza Hut also has complete control over their vision. Currently located in 90 countries and territories (Pizza Hut, 2006), they continue to focus on globalization. Pizza Hut believes (Pizza Hut, 2006) that they have a corporate responsibility to develop a workforce that is diverse in style and

where everyone makes a difference. In concerning themselves with how they differentiate from their competitors, Pizza Hut has an emerging new e-business and a superior focus on the product and service they provide to the customers and employees.

During the past four decades Pizza Hut has built a reputation for excellence that has earned. Pizza hut a look at their menu shows us how many special exclusive Indian pizzas they have for vegetarians they a host of Paneer offerings and for Non-vegetarians the Kabaab and Chicken Tikka Pizzas. The respect of consumers and industry experts alike. Building a leading pizza company has required relentless innovation, commitment to quality and dedication to customer service and value. Through the strength of their heritage, our culture, our people and franchisees, they are looking forward to even more success in the decades ahead.

Pizza Hut has also standardized its operations and vegetarian preparations are done separately with non-vegetarian preparations. In addition to Italian toppings, new Chicken, lamb korma toppings have been added. Recently a new "Great Indian Treat" has been launched which has local Indian toppings. New Curry Pizzas along with international pizzas with Indian flavours have been launched.

## COMPARATIVE ANALYSIS ON THE BASIS OF SWOT

### SWOT ANALYSIS OF MCDONALD'S

#### Strengths

- Strong Brand, strong recognition
- Growth afforded by franchisee model allows McDonald's to retain control of brand while building a corporation with significant capital infusion from franchisees.
- Fast food model-standardized food preparation methods ensuring standardized quality, centralized procurements leading to higher profits.

#### Weaknesses

- Perceived lower food standards due to fast food model.
- Profit margins can become slim due to customer's expectation of "inexpensive menu" and higher food costs.

#### Opportunities

- New global markets continually opening.
- Economic downturn may force people to opt for less expensive "fast food", rather than restaurant quality.

#### Threats

- Nutritional issues- People are becoming more aware of the quality of the food they eat, and more people are looking for "organic", natural and vegetarian alternatives.
- Obesity- Fast food is continually blamed for obesity in children and adults.
- Price factor- A lengthy recession could hurt fast food chains when price chains begin to offer competitive price menus with the perception of better quality.

### SWOT ANALYSIS OF PIZZA HUT

#### Strengths

- Strong Brand, Quality product.
- Growth afforded by franchisee model allows pizza hut to retain control of brand while building a corporation with significant capital infusion from franchisees.
- Fast food model-standardized food preparation methods ensuring standardized quality, centralized procurements leading to higher profits.

#### Weaknesses

- Perceived as fast foods are not good for health.
- Profit margins can become slim due to customer's expectations of "inexpensive menu" higher food costs.

#### Opportunities

- New global markets continually opening.
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#### Threats

- **Nutritional issues-** People are becoming more aware of the quality of the food they eat, and more people are looking for "organic", natural and vegetarian alternatives.
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## CONCLUSION

Glocalization strategies need to deal with adaptation to specific taste requirements of various regions. Every culture distinguishes itself from others by the specific ways it is very important as every region has different taste requirement stand one food item may be popular in one region and completely rejected by some other region, for example spicy food of India may not be liked by Chinese people.

- The glocalization strategies also should take into account various cultural and religious issues like McDonalds and Pizza Hut both modified their menu to take into account the religious beliefs of Hindus and Muslims in India, by not serving beef and pork.
- The end product should be appropriately modified so that it is according to the region's specific demands. This makes the product offering to be accepted by customers readily as they associate themselves with the brand and the product like "The Great Indian treat" of Pizza Hut was adopted successfully by the Indian public.
- Not only the food item has to be modified in terms of its ingredient or the cooking process to suit the taste buds of the local population but it also needs to be appropriately named so as to appeal the locals. For example, within India many south Indian dishes are now having hybrid names in north India: American Dosa, Chinese Dosa, Fried Dhokla, Fried Idlis etc.

- Another factor that MNFEs need to address is the modification in the process for the product or service development or production. This is a very important factor taken into consideration by McDonalds and they separated the burger preparation processes for Vegetarian and non-vegetarian burgers. This also helps the company to gain trust of consumers as well as the employees.
- Glocalization strategies also include marketing strategies and campaigns used. Like using actors and celebrities of the region in the advertisements. McDonalds and Pizza Hut both have used this tool effectively as their advertisements and campaigns have Bollywood actors and themes.
- Glocalization helps in connecting with the consumers of that region on an emotional level and also leveraging its global position. This is the most important aspect that leads to the success of the company.

After doing analysis it has been found that in the global business environment culture plays very important role in their success. Adoption of local culture of the country gives success.

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