

Globalisation



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The Standardization Theory

- Theodore Levitt's Theory (1983) generates an interesting view on how product marketing should be carried out.
- He states that “marketing for certain products can be done without having in account the local culture and the difference in the market depth.
- He believed that the world would have encountered a period of homogenization of the markets as a result from globalization.
- Since Levitt introduced this thesis a lot of articles to prove that he was wrong have been published.

The Adaptation Theory

- Yoram Wind (1986) was one of the biggest sustanitors of the adaptation theory and antagonists of the standardization theory from Levitt.
- He sustained that one should not ignore the differences that occur in different markets and need to adapt to them
- He believed that a process as the homogenization of needs does not exist.
- He's suggested approach was summarized as think globally and act locally.
- Philip Kotler (1986) and Agrawal (1995), otherwise, believed in a mixed approach from the combination of both standardization and adaptation theories.



The Adaptation Theory

- However in order to fully understand this theory it is necessary to understand that a product is not only the product itself
- A product is the sum of physical and psychological satisfactions it provides the user.
- The Disney case is an example of how Levitt theory appears wrong: When Euro disney opened, american managers used the same marketing strategy they used in Orlando and the profits declined. They had to adapt to French habits in order to increase revenue.
- As well as Coca Cola had to adapt its brand when entering the Asiatic market in order to encounter Asiatic women preferences

The Adaptation Theory



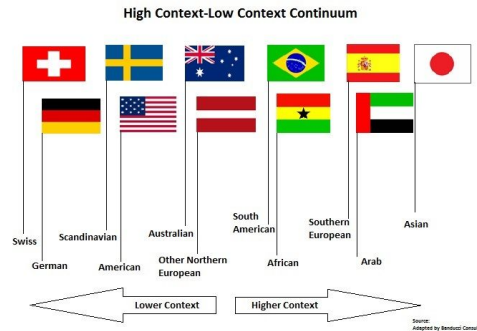
"We were operating as a big, slow, insulated, sometimes even insensitive 'global' company and we were doing it in a new era when nimbleness, speed, transparency and local sensitivity had become absolutely essential to success," **Douglas Daft**
(Coca Cola CEO)

In 1992 the Park was called Euro Disney, however, in 1994 having encountered a difficult approach to French culture the name was officially changed to Disneyland Paris. (Rugman and Hodgetts, 2001)



High and Low Context Cultures

- Nowadays telecommunication and technology made communication within the globe much faster and easier.
- However it is important to understand that different cultures and people have been raised with different beliefs and ways of see things
- As a result it is very easy to be misunderstood when trying to express a message.
- For this reason it is important to understand the difference between high and low context cultures.



High and Low Context Cultures

- Edward Hall (1976) is the father of this theory.
- The expressions “high context” and “low context” denote a difference between societies in relation with how much people rely on things other than words to convey meaning.
- Each culture has developed a different set of natural filters while communicating
- Low context cultures will rely more on the literal meaning of what is said or written while high context cultures will rely more on the context and the underlying meaning of what is communicated.
- A balance between them is the only way not to make mistakes

Internet and Technology on Globalization

- Multiple researches and markets data showed how the advanced technologies of communication including the internet have not been able to create a homogenized market of a free-from-culture product.
- Important cultural influences on internet are given from the fact that the usage of this media is different in every country. As a result the preference for internet is not diverse from the different preference for every other media.
- Researches showed that at today most companies websites are highly standardized in a low context way of communicating

Internet and Technology on Globalization



- The low usage of internet in some countries can be related with the scarcity of culturally related websites on the internet
- As a result the only way to increase the level of usage of Internet is to increase the number of high-context communication websites
- For this results is possible to understand how web design criteria play a very important role in the expansion of Internet
- Understanding these concepts Internet could become the Nr 1 medium above all others.

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