

# A global perspective?

## A major complication in recent international marketing has been muddle headed strategy based on the business world's rather unchallenging acceptance of the American emphasis on 'globalisation'.

This was epitomised by Theodore Levitt's 1983 HBR article in which he suggested that, as people around the world have similar aspirations for their life, there was an opportunity for international firms to create common processes in brand management, advertising, and distribution. This would, in turn, lead to a new style of international business: the global firm; owned by no culture but serving all equally well with a common offer. While demonstrating his sophisticated understanding of cultural differences, Levitt argued that these were declining; that:

"... different cultural preferences, national tastes and standards... are vestiges of the past. Some die and some become global propositions (Italian food, American rock music, French wine etc)."

In this view, accommodating national preferences into marketing was poor practice. A global strategy would create cheap, ubiquitous products which appealed to a universal need. It would also "create markets" for them by heavy investment in communication to convince people to buy.

In the subsequent decades many companies, from GAP to Diageo, attempted a global strategy and some city analysts marked down the shares of those who did not. Some (like Microsoft and MacDonald's) became internationally famous but many damaged their companies by committing to huge investments in global ambitions that did not pay back. The global strategy of several of the mighty "big four" accountancy partnerships, for instance, increased their costs with little obvious payback. It created an extra, costly layer of management on top of the real governance of their networks: the federal structures of national practices. Most have since cut this back savagely in the light of changed priorities and regulatory threats.

Yet the globalisation concept is still the unarticulated assumption behind practice strategies today. It has become so ubiquitous that it is startling to find that it is not as relentless and unique as often presented. For instance, eminent economic historians like Niall Ferguson and Eric Hobsbawm demonstrate that the golden age of globalisation was in the decades before 1910. The latter said: "An all embracing world system of virtually unrestricted flows of

capital, labour and goods never actually existed, but between 1860 and 1875 something not too far removed from it came into being."

While the great economist, Maynard Keynes said of life in 1912:

"A man in London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep"

As today, this was based on revolutionary instantaneous communications (telegraphy) and stunning new technology networks (rail and steam ships). Respected historians demonstrate, though, that there has not been such freedom of travel, investment and communication since. In fact, far from there being greater global integration, the number of countries in the world went from 74 in 1946 to 192 in 1995 as a result of political disintegration (of old empires). At the time of writing, there is a resurgence of national identity and a dislike of some Western offers in much of the world which makes Levitt's proposition seem a little absurd. This, combined with a number of failures to achieve global positioning, has caused all but a few firms, already established on the world stage, to attempt new, risky investment in truly 'global' strategies. In fact, there is evidence that American professionals are tending to withdraw into the familiar and international networks are taking a 'regional' emphasis in their governance.

In fact, differences in culture affect almost every aspect of an international approach to market, whether strategic, tactical or managerial. While another country may look misleadingly similar to home territory, there are underlying attitudes to life and business that mean different criteria are used to make judgements. These differences in lifestyle, values, behaviours and business practices are difficult to digest and manage. While stereotypes and clichés are often exaggerated, there are genuine differences in taste and approach which can cause real problems.

Language is an obvious example. Although English is generally accepted to be the international language of business, different words are given different meaning by unarticulated cultural assumptions. For example, while the English word 'lunch' refers to food taken in the middle of the day, what this signifies varies enormously in Europe. In Sweden, it is generally a meal at 11:30am which comprises fish, potatoes and salad accompanied by a light beer; to the English it means convenience food, often sandwiches soon after midday and designed not interfere with work too much; to the French it is generally a three-course meal at 1pm with red wine and, to the Spanish, a big meal at 3pm. The cultural context gives different meanings to the word, complicating life. Different cultures also create different expectations and attitudes in clients, affecting their demand for different professional services. Some cultures, like Holland and Sweden for instance,

value strategy and consultancy more than others. Some rank various professions more highly than others and some do not regard certain services as professions (the attitude of Germany to accountancy in the recent past). This means that the demand for a professional service, and the price people are prepared to pay for it, is different in different cultures of the world.

What is not often understood is the vast difference that cultural heritage makes to quality expectations. People approach every service with a set of expectations which are both emotional and practical. They will only think that a service is good quality if both the technical content and the client service meet those expectations. Yet 'quality' to a New Yorker can mean speed of delivery while to the English it means sincerity and to Germans, thoroughness or accuracy. Similarly, 'client relationship management' can be very different in America, France and parts of Asia. It is not possible, for instance, to use the western openness, talking to all levels in an organisation, in Thailand. Their society tends to assume that each has their proper place and it is wrong to question or comment on senior people.

People will not make any effort to explain these assumptions and, in fact, are often unaware of them themselves. They are, though, ruthless in the way they criticise and judge a firm if it does not meet both articulated and unarticulated expectations.

Excellent international service is therefore customisation of a service proposition to meet cultural expectations and this has serious implications. It may be that, in one culture, the delivery of service is a performance designed to serve the client and take care of all of their needs; in another, it may be self-service. If, a practice is planning a service which will be received in Scandinavia, Germany, Spain and France, it needs to research the expectations of that service in each of those cultures. The outlook, attitude and assumptions will be different in each culture and the service must be customised to suit those different tastes.

More than one professional services firm, large and small, has been damaged by 'global' strategies and adventures. Leaders of professional service firms should therefore think through the strategic and managerial aspects of international market approaches with real care, perhaps adopting an international approach or, at least, questioning 'global' assumptions.

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