

Culture Clash: Globalization Does Not Imply Homogenization

The culture in which we live shapes our view of the world around us, which in turn influences our decisions, including those about which brands to buy. Increasingly, people everywhere are exposed to foreign cultures through commerce, travel and media, but globalization of the marketplace does not necessarily imply homogenization of culture. In the future, marketers of global brands may have to understand, accommodate and address an increasingly diverse audience of consumers.



M I L L W A R D B R O W N ' S P O V

M a y 2 0 0 9

Culture — the history, beliefs, customs, habits and values of a group of people — determines the way we respond to the world around us. Both nature and nurture play a role in ensuring that local culture has a continued influence on our lives. Our genes ensure continuity of physical and personality traits across generations within an ethnic group, while culture — our experience of the society into which we are born — shapes our minds, our values and our priorities. Culture determines our taste for food and aesthetic preferences and influences the way we view other races and nationalities.

Brands can be an integral part of a culture, and in many ways the relationship between culture and brands is symbiotic. Brands that successfully anticipate trends in popular culture prosper better than those that do not (see the September 2007 Point of View “What Makes an Iconic Brand?”), while brands that are not aligned with local cultures can find it difficult to prosper at all. Brands contribute to cultures not only through the needs they address but also through their role as social currency. They provide new cultural reference points and topics of conversation.

Global commerce has brought with it global brands. The majority of brands in the BrandZ Top 100 Most Valuable Brands ranking are global in scope, deriving their value from creating strong emotional connections with customers across countries and cultures. As globalization continues, one might expect the challenge posed by local culture to diminish. If people see the same advertising, surf the same Internet, and use the same brands, surely their tastes and preferences will become more similar — won't they? Or will the rise of more affluent consumers in developing economies lead to a resurgence of local culture?

Converging Levels of Prosperity, Different Values

In fact, the world is not yet a global village and in all likelihood is not going to become one. If history is to be our guide, the developing economies of Africa, Asia and India are likely to follow the examples of Japan and Korea and retain a strong degree of cultural identity as they grow. Since its rise as a global powerhouse, Japan has shown little sign of losing its unique culture. Global marketers still face significant challenges in developing brands and marketing communication that will succeed in that country.

Evidence from research suggests that cultural values are far more resilient than we might imagine. In her ESOMAR paper, “Mapping Cultural Values for Global Marketing and Advertising,” Marieke de Mooij demonstrates that the values of national culture described by Professor Geert Hofstede of The Netherlands

Nigel Hollis

Chief Global Analyst
Millward Brown
nigel.hollis@millwardbrown.com
www.millwardbrown.com
www.mb-blog.com

The world is not yet a global village and in all likelihood is not going to become one.

impact both product purchasing and media consumption behavior. She concludes, "Countries may be converging with respect to income levels but they are not converging with respect to values of national culture." A look at the recent Global TGI data reveals findings consistent with those of de Mooij. We observe similar values between rich and poor within a country, but big differences between people with relatively high standards of living across countries.

Local Culture Exerts a Powerful Influence Over Brand Success

In 2008, we conducted a survey to explore the role of culture in driving brand success. The results of this research, described in *The Global Brand* and elsewhere, confirmed that brands that are identified with local culture will perform better than others (assuming all other things are equal).

While association with local culture has less impact on purchase probability than perceptions that a brand is of high quality or is setting trends, it is a positive driver of purchase intent for all brands, both global and local. Local brands, however, typically scored far higher than global brands on being part of the national culture, and though they may lack the business acumen and deep pockets of multinational brands, they draw strength from this home field advantage.

The influence of local culture means that the combination of product formulation, positioning, distribution and communication strategy that made a brand successful in one country may have to be adjusted to build a connection with consumers in new markets.

Of these elements, communication is probably the most susceptible to the influence of culture. Even countries that share a common language and have similar socioeconomic standing, such as the United States and the United Kingdom, are divided by cultural reference points, humor and idioms.

For example, in the U.S. a "rubber" is used to avoid unwanted pregnancy; in the U.K., it is used to erase mistakes made with a pencil. Therefore, the creation of marketing communication that can travel requires far more than simply an accurate translation of words.


A recent examination of Millward Brown's Link database demonstrates that few ads can transcend cultural boundaries. We looked at ads that tested exceptionally well in one country and found that just over one in 10 did equally well in another country. Moreover, one in 10 of those exceptional ads actually performed below average when tested in another country. So while using the same ad campaign across borders may offer cost efficiencies, the savings realized may not outweigh the benefit offered by local engagement.



The creation of marketing communication that can travel requires far more than simply an accurate translation of words.

American Culture Is Losing Its Appeal

In the past, globalization was largely a process of Americanization due to the dominance of the United States in business and popular culture. The Pew 2007



Global Attitudes Project found that many developing and recently industrialized nations appreciate American movies, music and TV; however, that appreciation is not universal and is declining in many countries. In developing economies that have their own strong cultural heritage, such as India and China, people are less apt to value American popular culture. For instance, only 23 percent of people interviewed in India agreed that they liked American popular culture, a reflection of India's heritage and the success of the Bollywood movie industry.

Sixty-five percent of Americans think the spread of American ideas and customs is a good thing, but with a few notable exceptions like China, Japan and Nigeria, the majority of people across 46 other nations felt it was bad that American ideas and customs were spreading to their country.

A Renaissance of Cultural Identity?

There is, however, one thing on which the vast majority of the world's citizens agree: Their traditional way of life is getting lost. Seventy-three percent of Americans agree with this statement, but so too do the majority of people in every one of the other 46 countries included in the Pew 2007 survey. Though many people enjoy the benefits of globalization, they feel that their cultural identity is under threat because of it. The critical question is, will everyone submit to the forces of globalization or will they push back by promoting their own cultural identity?


While it may be too late for consumers in developed economies to regain their traditional ways of life, the same may not hold true for those in developing economies. The appeal of Western brands compared to local brands has rested in part on a generic promise of quality and trust. But as local businesses and brands become stronger, this advantage will erode. At the same time, rising standards of living and a greater familiarity with brands and marketing will empower consumers to choose the brands that best suit their functional and emotional needs. Instead of spending their hard-earned money on Western



products, people may choose instead to celebrate their own cultural identity by purchasing local foods, brands and entertainment.

In developed economies we observe a number of trends suggesting that economic well-being does indeed allow people to promote their own cultural identities. In Japan, economic success abroad led to the development of The International Research Center for Japanese Studies, or *Nichibunken*, intended to advance research into Japanese culture. In Western Europe, minority languages like Welsh, Catalan and Breton are being revived.

The promotion of cultural identity may already be apparent on the Internet. Far from creating a global village, the Internet looks set to promote greater diversity. Technorati tracked blogs in 81 languages in June 2008. Brands like Google, Facebook and YouTube have enjoyed stellar growth, in part because they offer local language sites. But this has not prevented local brands from holding their ground. Baidu remains the search engine of choice in China; Youku for video. MIXI is the social network of choice in Japan. These brands remain entrenched not just because they were the first in their market but also because they are uniquely aligned with the local culture.



Will everyone submit to the forces of globalization or will they push back by promoting their own cultural identity?

Five Implications for Global Marketers

If in the future the world will become more diverse, the challenge of mass marketing across borders will become far more difficult. Here are five implications for global marketers:

1. It used to be that multinationals could launch a brand into a developing economy, confident that their product would be better and more desirable than the local competition. Increasingly this expectation is unwarranted. With product superiority no longer guaranteed, brands must compete for hearts as well as minds. And to win people's hearts, you must engage them on their own terms and in their own languages. Foreign brands will increasingly need to blend into local culture if they are to become successful.
2. As cultural diversity increases, marketers will need to apply more local understanding, thought and action. Companies that have moved too far in the direction of global brand consistency may be ill-equipped to do this. They may have little alternative but to hold their ground as best they can by leveraging their advantages of scale. But those advantages will need to be significant if they are to stave off competition in developing economies. Quality and price will not offer an advantage, only effective innovation and marketing combined with local knowledge and insight.
3. Brands that have become successful in their country of origin may in the future find brand extension a more profitable route to growth than brand expansion. The more brands rely on culturally specific personality, identity and emotional connections, the more difficult it will be to transcend countries and cultures. It will be easier to introduce existing loyalists to new products than to adapt the brand's positioning to appeal to different cultures.

4. Savvy global marketers know that it's easier for a brand or communication campaign to travel when it taps into a human motivation or interest that is shared across cultures. But a common motivation may still demand different expressions if it is to be effective across cultures. Resurgence in local cultural identity will make local engagement even more important.
5. Brands are created at the intersection of two different cultures: the culture of the people who buy the brand and the culture of the organization that markets it. When the two are aligned it is relatively easy to create a strong connection between brand and consumer. When dealing with consumers of a different culture, however, it is very easy for marketers to overlook critically important aspects of that culture simply because they do not relate to it. Research, listening and an appreciation of other cultures will become ever more critical.

Extrapolating from existing trends, we may expect to see an ecosystem of brands in which two or three global brands dominate in each product and service category, counterbalanced by an assortment of local and specialized brands. Strong global brands, premium specialists and value players are all likely to survive. Bland mid-priced, mass-market brands, whether they are global, regional or local, are most likely to be at risk.

The dynamic tension between global and local culture differs by country, product category and brand. In seeking to take their brands global, marketers must be very clear about what role culture plays in determining the success of their brand. And in the future, that understanding will only become more important.

To read more about culture and branding, visit www.mb-blog.com.

