
THREE PERSPECTIVES ON INTERCULTURAL MARKETING

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ABSTRACT

Drawing a distinction between the context free product and the context bound or creolized product, the paper discusses the limitations of the dichotomy of standardization and adaptation used in the literature on international marketing. It is suggested that the double product concept leads to a more complex combinations of standardization and adaptation: companies which operate in culturally different markets should reckon with at least four strategic combinations of standardization and adaptation.

INTRODUCTION

In recent years anthropologists have begun to focus on the way western consumer goods become integrated into local cultures and "creolized". The assumption behind this interest is that individuals are not just passive receivers of standardized consumer products, but actively interpret, transform and judge these products according to their own cultural background.

While anthropologists look at consumption from a social and cultural perspective, international marketing studies consumption from a strategic perspective. Here one of the important issues has been the question of whether companies should standardize their products, price, distribution and communication and ignore local differences, or rather adapt their marketing variables to the local contexts.

It is the purpose of this paper to explore the theoretical consequences of applying the concept of creolization to international marketing strategy and thus respond to the proposal by Howes (1996) that creolization should be studied from both an anthropological and a marketing point of view.

The central argument in the paper is that the implicit product concept used in the discussion of both standardization and adaptation is too limited. In both cases it is tacitly assumed that the product is what it appears to be, regardless of the socio-cultural characteristics of the consumer. When this assumption is suspended and a distinction is drawn between the context bound or creolized product on the one hand and the context free product on the other, the dichotomy of standardization versus adaptation loses its simplicity and new strategic options appear.

Even though standardization and adaptation are marketing strategic concepts, they are close kin to similar thoughts in sociology and anthropology suggesting the existence of a common set of underlying perspectives. These common issues are discussed under three headings, the first dealing with the standardization-convergence perspective on international marketing from both a business- and a developmental point of view, while the second section discusses the adaptation-difference, also from both a business and a developmental viewpoint. The third and last section suggests an alternative to the two common approaches, integrating the anthropological concept of creolization into an international marketing framework.

THE STANDARDIZATION-CONVERGENCE PERSPECTIVE

The Corporate Viewpoint

The arguments in favour of standardization basically follow two lines of reasoning. In the first place it is claimed that international markets either are homogenous and similar, or in the process of becoming so, and that companies should respond to this reality by standardizing their marketing. By doing so, the companies will obtain economies of scale and organizational efficiency which can be translated into lower prices and enhanced quality world wide. (Levitt 1983, Yip 1995, Argrawal 1997).

The other line of reasoning is based on the premise that economies of scale can be achieved through standardized production, organisation and marketing leading to lower prices and higher quality which then will enable the companies to conquer market shares.

The lower prices and the enhanced quality that follow from standardization will make the consumers converge towards the products of the global companies which thus are able to outperform local companies that adapt to local taste.

These two arguments are of course closely related to each other, but there is one important difference: while the former seeks to be in consonance with the market conditions as they are encountered by the firm, the latter implies that the company can and should change the market conditions (Levitt 1995)

The argument which focuses on the necessity of following global, homogenous trends in the market can be classified as a market based outside-in strategy, while the other variant which emphasizes the economies of scale and the possibility of changing the preferences in the market can be classified as a resource based inside-out strategy with a clear Fordist content (Meyers and de Wits 1994; Mintzberg, 1998; Hamel & Prahalad, 1994; Murray 1989)

No matter where you start, in the market or in the internal economies of the company, the outcome of the two variants will be standardization of the activities of the company and homogenization of demand patterns. A company that follows the trends in the international markets towards convergence will, if it acts rationally, end up with a standardized large scale production and the concomitant economies of scale; and a company that decides to standardize in spite of local variations of demand will, due to the low prices and improvements of quality that follow from the economies of scale, be able to create a demand for its products and thus homogenize the market.

A company that faces a number of different local demand patterns can only make them converge into one homogenized pattern of demand if it is assumed that there is a common human core behind the apparent differences. According to the proponents of the standardization – convergence thesis this common core exists regardless of whether it can be observed in the market place or it is hidden behind apparent, local differences; and it is one of the defining characteristics of the global company as opposed to the decentralized multinational company not only that it follows the observable trends towards homogenization, but also that it actively seeks to identify the common universal core behind the apparent differences, cf. the following quotation:

"Different cultural preferences, national tastes and standards and business institutions are vestiges of the past (...) Many of today's differences among nations as to products and their features actually reflect the respectful accommodations of multinational corporations to what they believe are fixed local preferences. They believe preferences are fixed, not because they are, but because of rigid habits of thinking about what actually is. Most executives in multinational corporations are thoughtlessly accommodating. They falsely presume that marketing means giving the consumers what he says he wants rather than trying to understand exactly what he'd like. So they persist with high-cost, customized multinational products and practices instead of pressing hard and pressing properly for global standardization"(Levitt 1995 p 17)

Levitt claims that consumers do not know what they really want, but the global company does. Everybody, including consumers and local subsidiaries who believe that preferences are different because they can be observed are on the wrong track: the preferences which the consumer is able to express and which form the basis for the marketing strategy of the subsidiaries of the decentralized multinational corporations are subjective and do not reflect the objective needs and wants. As he points out: t:

"If the price is low enough, (consumers) will take highly standardized products even though they aren't what mother said was suitable or what inmemmorial custom decreed was right or what market-research fabulists asserted was preferred" (p 17)

It appears from these quotations that the standardization-convergence standpoint is highly ideological. Not only because of its fundamental assumption of similarity and convergence, but also because the strategy of standardization and homogenization at the same time is seen as a welfare gain for the consumers and a source of profit for the companies. Standardized products means higher quality and lower prices for the consumers as well as higher earnings for the companies, implying a common interest in standardization and convergence; and similarly, the marketing of products which are adapted to the local, specific consumer preferences is seen as implying a a well-fare loss to the consumers and lower margins for the companies. The corporate perspective of standardization and convergence is thus not only a technical question of strategy and

market trends, but also a moral and ideological issue. The idea that the global corporations know the objective truth about the consumers wants and desires, while the consumers may be ignorant, limited as they are by subjective perceptions, old customs and habits, in short their culture, gives the global corporation in a kind of missionary role: it is able to drag people out of their ignorance and give them a better material life. When homogenization takes place, the consumers move in the right direction and the companies can follow suit; but when local differences are apparent and there seem to be arguments in favour of local adaptation, the global company must know its role as the repository of the truth, not only for its own sake, but also for the benefit of the ignorant consumers.

Standardization and Convergence in Development Studies.

The standardization-convergence perspective is also found in the sociological and developmental literature on consumption and globalization. Whereas the authors on international marketing look at societies and people from the vantage point of the boardroom of international firms, sociologists of globalization look at the companies and markets from the outside of the companies, identifying with people, cultures and society.

According to Keyfitz (1982) the drive for a basic set of items for the household has begun to emerge on a worldwide basis, "a world standard package" consisting of a "home, automobile and the means to do some travelling; within the home must be electricity, lightning, a refrigerator and a television set. To Belk (1988) the homogenization and the fundamental identity of consumer preferences indicated by this "standard package" and other similar examples is the outward expression of an increased hedonism which leads to envy, social disintegration and anomie. Likewise, according to Douglas and Isherwood, the emergence of consumer culture and standardized consumer goods are likely to become symbolic markers which set up barriers between people. (Douglas and Isherwood, 1979).

These authors recognize the trend towards homogenization, but in contrast to the corporate view, they see the effect as fundamentally destructive and negative. This is also how the effects of the globalization of consumer culture are described in the 1998 UNDP report on consumption:

“Market research identifies “global elites” and “global middleclasses” who follow the same consumption styles, showing preferences for “global brands”. These are the “global teens” – some 270 million 15 to 18 year olds in 40 countries – inhabiting a “global space”, a single pop-culture world, soaking up the same videos and music providing a huge market for designer running shoes, t-shirts and jeans. What are the consequences? First, a host of consumption options have been opened for many consumers – but many are left out in the cold through lack of income. And pressure for competitive spending mount.” (UNDP, 1998 p 6)

The sociological authors cited here understand the global process of development in basically the same terms as the corporate proponents of the perspective. In both cases it is recognized that convergence and homogenisation are taking place, and that companies can take advantage of it and induce it into the local cultures by means of standardized marketing. The difference between the corporate and the sociological literature has primarily to do with how the process is judged: what from the corporate perspective is a well-fare gain is a definite loss to the sociologists, and in sharp contrast to the corporate view, they see western-style consumer behaviour as a kind of alienation away from the authentic, local way of life and its social harmony, norms and traditions. In this sense the sociological viewpoint represents the negative mirror-image of the corporate viewpoint. What are ignorance and vestiges of the past in the one are authentic expressions of culture in the other; and while convergence corresponds to the universal human nature in the one, it is a negation of cultural authenticity in the other.

But is it evident that convergence is so pervasive as indicated by both corporate and sociological writers? And is it true that the marketing of standardized products lead to standardization of consumer behaviour? As will be pointed out in the following section of the paper, there is ample empirical evidence which suggests that standardization of marketing strategies and the convergence of markets is much less pronounced than supposed by the authors who write within the standardization-convergence perspective. And it can be argued that what at the surface may look like convergence and consumption of identical, standardized products in reality is locally specific consumption of locally adapted products. The third section of the paper will deal with this specific issue: the fact that people are not passive and empty receivers standardized products, but active members

of cultures who adapt, change and personalize the standardized products to make them meet their particular needs and wants.

THE ADAPTATION-DIFFERENCE PERSPECTIVE

Barriers to standardization.

In contrast to the proponents of the standardization, adherents of the adaptation-approach to international marketing have emphasized the dissimilarities between the markets and the existence of barriers to standardization.

The literature on international marketing abounds with examples of market differences and marketing blunders due to missing adaptations to local market conditions, leading to the conclusion that there are barriers to global standardization and that the strategy of standardization cannot be the overall solution.

Barriers to standardization are found in industry regulations and consumer behaviour alike. Safety standards for brake-systems, lightning and vehicle safety of automobiles are different in the US and the EU; different industrial standards regulating the dimensions of piping and voltage; different hygiene regulations in food processing and different regulations in the pharmaceutical and chemical industries are examples of market conditions to which companies must adapt if they want to be in the market.

Differences of consumer behaviour also constitute barriers to standardization. Food tastes differ among countries as it is evident in the marketing of e.g. cheese, where the staple cheese of Norway –brunost –only has a miniscule market share in Denmark, and the staple cheese of Denmark – Danbo 45 – cannot be exported to a country like Spain (Kragh and Djursaa 1997). The acceptance of symbolic attributes and design also differ as illustrated by the rejection of US-market to the Italian designed typewriter Olivetti, which turned out to be too elegant to conform to the puritanical traits of American norms related to work. In the case of cereals, different levels of purchasing power, amount consumed pr. capita, and level of literacy represent other barriers to standardization requiring the companies to adapt prices, the amount of cereal in the packages, and the written information on the packages (Usunier 1996).

The recognition of the need to adapt to local conditions implies that the strategy of adaptation is a clear-cut outside-in approach without the inside-out dimension of the strategy of standardization. In the adaptation perspective you do not find the aggressive

belief in the ability of marketing to change behaviour and perceptions. On the contrary, the strategy of adaptation is firmly build on the belief that the company, its ressources and strategy should be seen as the dependent and the market as the independent variable, and not the other way round.

The economic logic of the strategy of adaptation is that an adaptation to local market conditions will lead to an increase of profits which exceeds the profits which could have been obtained by a strategy of standardization. In accordance with the basic outside-in way of reasoning, the adherents of local adaptation focus on the marke, while the adherents of the strategy of standardization primarily are oriented towards the cost of production.

The difference between the two strategies can be summarized in the following diagram:

	Standardization	Adaptation
Strategic orientation (responsiveness to company or market factors)	Inside-out Outside-in	Outside-in
Basic understanding of markets and market trends	Markets are similar Markets may be superficially different, but are essentially similar Markets are converging	Markets are different
Primary objectives	Economies of scale	Consumer acceptance

For both the strategy of standardization and adaptation, the strategic situation changes if the basic assumptions about markets and market trends are changed. If it should happen to be the case that markets actually are different, the strategy of standardization will either be a failure or turn into a strategy of adaptation. When a company follows an inside-out strategy of standardization and tries to make the local, different markets converge around its products, and it turns out that no such convergence takes place, it is impossible to achieve the high level of sales necessary to produce economies of scale and the strategy ends up as a failure. On the other hand, a company that follows a strategy of standardization based on an outside-in approach and which operates in a number of different markets that do not converge, will if it is determined on following the outside-in approach, eventually change into a company that adapts to the local market conditions.

Similarly, if a company that pursues a strategy of adaptation to local markets should happen to find itself in a homogenous, global market, the outcome will also be a change of strategy. When an outside-in strategy of adaptation is applied in a global market with identical consumer preferences, this strategy also loses its original identity and becomes, in fact, equivalent to the outside-in variant of the strategy of standardization.

The market conditions constitute the basic premise for both the strategy of standardization and adaptation. Both approaches derive their legitimacy as strategic alternatives from the underlying assumptions about the markets and lose their legitimacy to the extent that these assumptions should prove themselves wrong.

The Social Science View

In the social sciences, and perhaps most markedly in earlier anthropology and history, you find an emphasis on the uniqueness of local cultures and nations which corresponds to the perception of market differences of the corporate strategy of adaptation (Robertson, 1996; Hannerz 1992, 1996). This approach is increasingly being replaced by a global perspective which emphasizes the embeddedness of the local communities in the global context, but even here, the local dimension retains its importance. The relevancy of the local aspects of global society is clearly seen in the 1998 UNESCO report titled "Our Cultural Diversity" which emphasizes the need for intercultural tolerance and mutual respect. According to the report, rather than homogenization and the development of a common identity, globalization seems to foster difference and conflict and accentuate already existing cultural and ethnic differences. The report does not call for a higher degree of homogenization among the cultures in conflict, neither is it believed that such a homogenization will ever occur. The basic assumption is that cultural diversity is the essence of humanity as it is expressed in the following quotation from one of the prominent members of the board of the committee, Claude Levi-Strauss who writes:

"There is not, and can never be, a world civilization in the absolute sense in which that term is often used, since civilization implies, and indeed consists in, the coexistence of cultures exhibiting the maximum possible diversity. A world civilization could, in fact,

represent no more than a world wide coalition of cultures, each of which would preserve its own originality. ”(UNESCO p 29)

The position in the report is superficially similar to the position in the standardization-convergence perspective in the sense that both focus on the effects of the increased interconnectedness of the world; but it differs sharply in the interpretation of the consequences of globalization: not homogenization but continued and increased diversity seems to be the outcome according to UNESCO.

The emphasis on the cultural diversity is parallel to the arguments in marketing strategy which points to the continued differences of industry regulations and consumer behaviour. Following the corporate reasoning, such differences should lead to strategies of local adaptation of companies and agencies which deal with the various communities. This is also the point of view of the UNESCO report when it comes to the question of how to assist local communities in a way that respects their cultural freedom and identity, cf the following quotation:

”Adapted Medical Practice for and by the Sikuani”
Colombia’s health service asked anthropologists to help rescue a medical programme for the Sikuani Indians that was on the verge of collapse because local paramedicals seemed powerless to halt the spread of various diseases. Part of the problem was the inappropriateness of their training, which had been based on the needs and experiences of highland Colombians rather than the lowland tribal communities. But the team also began to question the programme’s technical narrow focus, wondering if the real problem was not the inability to treat tropical diseases but the failure to promote health. Probing beneath medical symptoms for deeper socio-cultural roots, the team proposed a programme of participatory research in which the paramedicals would explore Sikuami history and myth together with their communities (UNESCO p 87).

In anthropological terms, the paramedicals experience the shortcomings of an ethnocentric attitude and the benefits of seeing the local culture on its own terms. In strategic terms, the paramedicals encounter barriers to standardization resulting in poor performance which leads to a change of strategy. Instead of a standardized inside-out approach where

knowledge accumulated in another part of the country is transferred to the local community assuming that the solutions will work here too, the paramedics adopt an outside-in approach which enables them to understand the local conditions and adapt their activities accordingly.

Both the examples from international marketing and the demonstration in the UNESCO report of the continued importance of cultural differences and conflicts illustrate the limits of the concept of standardization and convergence. However, even though the recognition of differences and the resulting need for adaptation gets us closer to a more nuanced understanding of the complex realities of markets and strategies, it does not get us close enough. As will be seen in the last section of the paper, the two perspectives which have been discussed so far suffer from one common and fundamental shortcoming. The concepts of standardization and adaptation are based on the tacit and unreflected assumption that what appears to the producer is also what appears to the user, and that a change of product attributes or activity by the producer, will be perceived and interpreted identically by the two. When this assumption is suspended, both strategies lose their simplicity and the strategic perspectives double. Seen in this way, a standardized product may well turn out to be a locally adapted product, just as an adaptation to local conditions may imply a standardized perception of the product by consumers in different markets.

THE CREOLIZATION PERSPECTIVE

Context Bound Marketing

Shortly after Th. Levitt launched his radical arguments for standardization, Douglas and Wind responded with a paper defending local adaptation in equally strong terms. One of the arguments was that markets differ in income levels and purchasing power and that a standardized price would result in products that are overpriced in some markets and underpriced in other. In the same way, according to the authors, also the level of expected quality are different in different markets. Standardized products would therefore lead to overdesigned products in markets with low expectations of quality and underdesigned products in markets with higher expectations. Consequently, producers should not follow a

strategy of standardization; they should instead adapt their prices, product design and other marketing variables to the local market conditions (Douglas and Wind 1994).

While the argument is formulated within the perspective of adaptation-difference, it also implicitly transcends this perspective. What Douglas and Wind in fact say is not only that market differences lead to different degrees of *acceptance*, but also that market differences lead to different *perceptions*. When the product and its associated marketing variables are understood as the perceived product or variables, they lose their concrete and indisputable identity. The product fragments into as many variants as there are different perceptions, and it becomes methodologically necessary to distinguish between the product as it exists outside any concrete context, and the product as it exists for somebody, as it is interpreted and used in the particular markets. When it is acknowledged that consumers in one market may define a product as cheap and without sufficient features, and consumers in another market may see the same product as expensive and with abundant features, it is no longer possible to speak of the product and the marketing variables in unidimensional terms. It becomes necessary to draw a distinction between the objective and context free product on the one hand and the subjective and context bound product on the other. Rather than objectively existing items which maintain their identity across different contexts, products become integrated into different economic, socio-cultural and psychological market contexts which give them meaning.

The observation that the local contexts determine the identity of products and other marketing variables is used by Douglas and Wind to argue for the adaptation-difference perspective; however, they do not recognize that the basic distinction between the context free product and the context bound product implied in their argument not only points to limitations of the strategic concept of standardization but also hits back on their own standpoint.

Let us take a closer look at the consequences of this distinction between using a formalized argumentation. The difference between the two product notions and the interaction between them can be described by the following model (Kragh, 1996; Kragh and Djursaa 1998):

Fig. 1

P+C=> PC

P is the product (or any other marketing variable) as it exists outside any specific context; C is the socio-cultural context functioning as a code which translates the context free product into a context bound product, while PC is the product as it is perceived and integrated into the local context, as it is experienced and used by the consumers according to local taste, values, knowledge, norms and habits of consumption.

Take the following hypothetical, but not unrealistic example which shows the complexity that is thrown into the dichotomy of standardization and adaptation with the doubling of product concept.

P	C	PC
10	C1 1 = Cheap 5 = Medium 10 = Expensive 15 = Very expensive	Expensive
10	C2 5 = Cheap 10 = Medium 15 = Expensive 20 = Very expensive	Medium priced

P refers to the price set by a company i.e. the objective, context free price, while C refers to three different market-contexts, and PC refers to the perceived and context bound prices.

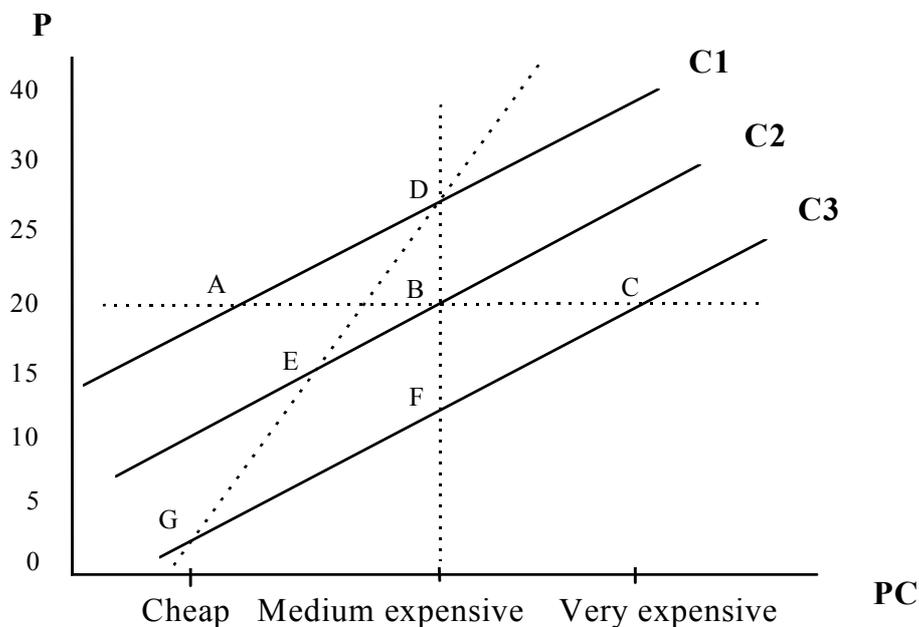
The argument of Douglas and Wind deals with the situation where a company sets a standard price in spite of different price-levels, that is, the situation in the markets C1 and C2. From the point of view of the company, the price is standardized, but not when the perception of the consumers is taken into consideration. The integration of the product into the local context, i.e. the local perceptions of prices, leads to differentiated prices at the level of the consumer. This means that the company not only faces the decision of whether to standardize the objective, context free price but also whether the perceived price should be standardized or not. In this case, a strategy of standardization of the context free price is

not followed by a standardization of the context bound price. The somewhat surprising conclusion is that a company that wishes to standardize the price at the level of the consumer in this case has to differentiate the context free prices, for instance by lowering the price from 10 to 5 in market C1, and thus adapt in order to standardize.

The interplay between the context free and the context bound marketing variables can be further illustrated by the following diagram:

Fig.2

Context-determined Perceptions and Marketing Strategy



Three different markets are shown: a high income market C1, where perceived prices are relatively low, a medium income market, C2 where perceived prices are higher and a low income market where the perceived prices are highest. A product with a standardized price, P, of 20 will thus be considered cheap in market C1, medium expensive in market C2 and very expensive in C3 as indicated by the intersections A, B, C. In all cases, the context free, price (P) is transformed into different perceived prices (PC) as the result of the locally determined interpretation (C).

It is seen in the diagram that the company can go for an identically perceived price in the three markets, but that it will have to adapt its context free price in order to do this. The intersections D, E, F occupy the same position on the perceived price-axis, PC, but different positions on the axis of the context free price. An example of this situation could be McDonalds burgers which are priced differently in the different markets with the aim of achieving an identical positioning in the different markets. Finally, the intersections G, B, D show the possibility of combinations of different context free prices and different context bound prices.

The diagram thus indicates that a company which sells to different markets can pursue a strategy of standardization of the context free price, but not at the same time achieve a standardized perception of the price; or it can follow a strategy of standardized perceived prices, but not at the same time standardize the context free price. When markets are different you cannot standardize both the context free and the context bound prices; only where markets are identical, i.e. where all markets can be represented by the same curve will it be possible to standardize both aspects of the prices.

It should be pointed out that the discussion so far of the consequences of the distinction between the context free prices and the perceived and context bound prices are relevant for all scalable variables. Product attributes, in particular, can be analyzed in the same way. The amount of food ingredients which affect the taste of products have a similar double identity as an objective amount on the one hand and a perceived amount on the other. In many Indian restaurants in London it is indicated in the menu whether the food is "medium hot", "hot", or "very hot", and unprepared Scandinavians can be in for a big surprise when they realize that "medium hot" Indian food is what they would consider extremely hot. Just as given prices mean different perceived price levels to consumers in markets with different income levels, the different food traditions in India and the Scandinavian countries imply very different perceptions of given degrees of spiciness of the food. Both Indians and Scandinavians judge the taste in degrees, but their C-curves occupy different positions in the diagram, the Indian C-curve reflected in the menu lying far to the left of the Scandinavian.

As noted, the strategies of standardization and adaptation differ from the strategic alternatives discussed here by not drawing the distinction between the context free and

context bound product. Or to put it in other words, it is assumed in the strategies of standardization and adaptation that the context free product – P - is identical to the context bound product – PC. With regard to the diagram in fig. 2, it means that the x-axis is identical to the y-axis and consequently that both contain the same values, thus conflating the context free and the context bound dimensions. When the axis are similar, a price of 20 which may be considered high by the producer, is also a price of 20 for the consumer who likewise considers it high. In this case a standardized product will remain standardized and maintain the meaning that the producer has given it across different markets, just as different products will appear as the same across markets. What the company sees is also what the consumer see. As such, the strategy of standardization precludes the possibility of differentiated reactions to the standardized strategy, just as the use of a unidimensional product concept in the strategy of adaptation implicitly denies the possibility of identical outcomes of locally adapted strategies. The strategy of standardization is therefore unable to recognize the possibility of differentiated reactions to the standardized strategy, and the strategy of adaptation is unable to see the possibility of standardized reactions to locally differentiated marketing.

The formal reasoning made above is not intended as implying that the total cultural complexity in the markets can be reduced to quantifiable variables. As will be shown later, many examples from international marketing indicate that the integration of products into the local cultural context is much more complicated than assumed in the diagram in fig. 2, calling for a more qualitative approachⁱ However, the main reason for using a formalized approach is not to engage in a debate on qualitative versus quantitative methodology, but rather to show the strategic consequences of the doubling of the product concept as logically consistent as possible.

The distinction between the context free and the context bound product also has bearing on the general strategic orientations of inside-out and outside-in. Compared to the diagram in fig. 2 the inside-out orientation is equivalent to an approach which takes the y-axis of the context free product, P, as the starting point from where a low-priced/high quality product is pushed into the different markets. To the extent that the product is lower priced and has a higher quality than other products in the different markets, the company may be able to gain market shares. This, however, does not mean, as argued by proponents of the strategy

of standardization, that the different markets inevitably must converge. When the company changes the value of its marketing variables on the y-axis, it will have a corresponding effect on the x-axis and thus influence consumer behaviour, but the interpretations of the change will nevertheless remain differentiated in the particular markets, due to the different the C-curves which preserve differences at the level of the local consumers, in spite of the standardization at the level of the company. When markets are culturally different, a standardization of the marketing variables is a necessary condition at most, but can never be a sufficient condition for the convergence of markets.

Interpreted in the light of the diagram of fig. 2 , the outside-in approach is a strategy which takes the x-axis as the basis. Local optimization may result in a combination of products which are different both as context bound and context free; but a strategy which takes its point of departure in the context bound products can also be a strategy of standardized positioning in different market contexts by means of a number of differentiated context free products.

The Creolization of Consumer Products

The preceding discussion can be seen as a prolongation of recent developments in anthropology where the term "creolization" is being used as a description of what happens when western goods are interpreted and integrated into local cultures (Hannerz 1992, 1996). From a marketing point of view, the creolization perspective is interesting because it clearly demonstrates the cultural character of marketing and emphasizes the fact that consumers are not just passive receivers of goods but actively define what these products are and what they can be used for, independently of the marketing efforts of the companies. It reminds the companies of the fact that products are not only what the company defines them to be, but also building blocks by which consumers construct and reproduce their local cultures (McCracken 1988; Howes 1996), cf the following description of consumer behaviour among the Mendi of the southern highlands of Papua New Guinea:

"The Mendi we know do not see consumer objects in the same way as we see them: their purposes supplied for us ...In our objects they perceive multiple possibilities for

satisfying needs manufacturers never imagined... They use safety pins as earrings in place of blades of grass and combs made out of umbrella spikes instead of bamboo... women we know reuse the plastic fibres of rice bags, rolling them into twine with which to make traditional netbags. (Lederman, 1986:8; Howes 1996)

As Howes points out, this process can also be observed in the case of a standardized product such as Coca Cola. In Russia, for instance, it has been observed that Coca Cola has been attributed the ability to smoothe wrinkles, in Haiti that it can revive a person from the dead, and in Barbados that it can turn copper into silver. These attributes are supplied from within the culture and are attached to the global, standardized product, turning it into a localized item. With regard to market shares, Howes notes that

"There can be no question that items like Coca Cola have deplaced local products – coconut milk, fruit juice and even water in many regions (Barnet and Cavanagh 1994 p 246), J.James 1993 177). Yet the assumption that such goods, on entering a culture will inevitably retain and communicate the values they are accorded by their culture of origin must be questioned. When one takes a closer look at the meanings and uses given to specific imported goods within specific 'local contexts' or 'realities', one often finds that the goods have been transformed, at least in part, in accordance with the values the receiving culture (Howes p. 5)

The examples from the anthropological literature can be described by the model $P+C \Rightarrow PC$ in fig.1 which, in fact, can be seen as a model of creolization. However, the anthropological examples do not fit very well into the more elaborated model of fig. 2 due to its limiting assumptions. The diagram in fig. 2 assumes that the categories of perception - the variables - are the same across different markets, with cultural differences being expressed as different values of these variables. What the anthropological examples indicate is that cultural differences also, and perhaps typically, is expressed not only as different values of cross-culturally identical variables, but as different variables altogether. The anthropological concept of creolization not only implies that a given product attribute such as spiciness is culturally interpreted as different degrees of spiciness in different

cultures, but also that cultures attach wholly different categories of meaning - variables - to the products.

It is, for instance, well known among the Chinese that an excessive consumption of chocolate may cause bleeding from the nose, the reason being that chocolate is integrated into the local culture as a "hot" product, i.e. as belonging to the yang dimension of the yin-yang cosmology (Kragh 1995, Kragh and Djursaa 1997). In this instance a new cultural variable has been applied which has no counterpart in other cultures and it is meaningless to plot the Scandinavian and the Chinese perceptions on a common yin-yang axis as in fig. 2. In contrast to product attributes and prices, the attribution of the meaning of "hot" to chocolate indicates that a variable is at work in the Chinese market that simply does not exist in Sandinavia.

In terms of strategy, it means that one cannot standardize the product in terms of perceptions in China and Scandinavia as it would have been the case if the variable was present in both markets. In fact, the Danish manufacturer of confectionary, Toms Fabrikker, which is experiencing high and increasing sales in China, limits itself to a standardization of the context free product, while it leaves it to the Chinese consumers to position the product by creolization according to their own cultural background.

Both the strategies of standardization and adaptation operate with a general notion of the interplay of companies and market trends. The standardization-convergence perspective assumes that standardization of the company's products will cause convergence of markets while the adaptation-difference perspective, on the other hand, implies that locally adapted marketing will contribute to the continuity of local preferences. But what are the relationships between the companies and the markets within the framework of the creolization perspective?

In the anthropological literature, the perspective of creolization is presented as an alternative to at least two traditional trends in anthropology, the tendency to exaggerate the cultural purity of local communities and the opposed, but nevertheless linked tendency to regard the use of western goods in local communities as cultural erosion (Howes 1996; Miller 1996)

Older anthropology have often tidied away the existence of western products in the local communities they studied, and in this way given a picture of these communities as excessively different and unique. In contrast, the perspective of creolization recognizes the

existence of western products and of cultural borrowing in general as part and parcel of all local communities, and rejects the notion of these communities as well-bounded wholes outside the influence of the surrounding cultures. What is interesting is how this cultural borrowing takes place and how the products are integrated into the local context (Hannerz, 1992).

Whereas the tendency to exaggerate the cultural uniqueness of the communities is close kin to the perspective of adaptation-resistance, the thesis of cultural erosion is close to the standardization-convergence perspective. The thesis of cultural erosion claims that the displacement of elements from the local culture by western goods eventually will cause the local culture to disappear. According to the notion of creolization this view exaggerates the negative influence of western goods. While western goods do replace local consumption items and represent cultural change, they also serve as building blocks for the maintenance and reproduction of the traditional culture and, consequently, cannot by themselves dissolve local culture.

The overall effect of the introduction of western goods on culture can be described as the accumulated storage of creolized practices and interpretations. Each time a new product is introduced into the culture and is socially constructed by the individuals in the local communities, it becomes, at the same time, part of the cultural knowledge of the community. In terms of the model in fig.1 the culture, C, becomes a creolized mixture of traditional and new elements. The cultural evolution will not, according to this way of thinking, lead to absolute convergence, and neither will the local cultures continue in pristine purity. It is this complex reality which eventually constitutes the markets for consumer goods; not the universal similarity between consumers, nor the well bounded differences between the markets.

CONCLUSION

The debate on whether companies should adapt to the local markets or follow a strategy of standardization which took an almost dramatic upsurge after the publication of the paper "The Globalization of Markets" by Th. Levitt in 1983, has by now ended in a general attitude of reconciliation. The dominant point of view is that the choice of strategy depends on the particular circumstances (Chernatony et al. 1997) and that it is impossible to defend one or the other strategy as the overall valid international marketing strategy.

The line of argument in this paper has been different. From a theoretical standpoint it has been argued that both strategic alternatives suffer from a lack of distinction between the product as it exists for the consumers in the particular markets and the product as it may exist outside of any given market context. It has been argued that the strategy of standardization is insufficient because of the continued differences in the international marketplace, but also and primarily, that both the strategies of standardization and adaptation have limited value because of the implicit conflation of the context free and the context bound products.

Compared to these two perspectives, the concept of creolization opens up for a more complex picture, both with respect to society and the strategic options available to international companies. As an approximation to a strategy of international marketing which can serve as an alternative to the dichotomy of standardization and adaptation, it is, however, possible to distinguish between at least four strategic options. They do not exhaust the complexity which results from a consequent distinction between the context free and the context bound or creolized product, but they at least point to alternative strategic possibilities which cannot easily be formulated within the framework of the other two perspectives, as well as to limitations of these strategies.

The combination of standardized products at both the level of the context free and context bound product is the strategy implicitly pursued by the proponents of standardization. The references to McDonalds, Levi's, Coca Cola, Pampers and McDonalds all imply the belief that a standardization of the company's product necessarily means a standardization of the context bound products. This strategy is a possible option - but only when markets are similar. When this is the case, the standardized, context free product will appear as the same in the local markets, as a standardized context bound product. On the other hand, if markets are different, this combination of context free and context bound products is impossible. It means that the possibility of applying a fully standardized strategy is much smaller than supposed by the standardization-convergence perspective.

Many small companies which do not have the resources to adapt their products and marketing to the local requirements, as well as large global companies that seek economies of scale, follow a strategy of standardization. However, when these companies operate on different markets, the standardized offerings will be integrated into the local socio-cultural

contexts and transformed in the process. In spite of the standardized marketing, the products become adapted to the local contexts; but instead of the company, it is the consumers who do the adaptation. In essence, these companies build their marketing on the process of creolization and follow a strategy of standardization of the context free product while. When a company like the Danish producer of Dairy products, MD Foods, markets cheese in Spain, the products which are accepted by the consumers in Spain are on the surface the same as the ones marketed in Denmark : there is no difference between the Havarti cheese which is sold in Spain and the Havarti sold in Denmark. The use to which the consumers put the cheese, the criteria by which they judge it are quite different: while the cheese in Denmark may be eaten on black bread accompanied by milk, the south Europeans would have it on white bread, as canapés and take it with wine.

If markets are different, the only way to obtain an identical positioning in these markets is by changing the context free product in such a way that the perceptions of the product become identical across the different markets. The goal of identically perceived and integrated products cannot be achieved by a standardization of the context free product because the contextual differences will break up the product in as many contextual variants as there are different contexts. Only by marketing a planned portfolio of different products to the different markets will it be possible to achieve an identical positioning. This is the strategy followed by McDonalds that seeks to position its products similarly at the lower end of the price scale in all markets and differentiates the price in order to achieve this. Also Carlsberg that seeks an identical positioning of its brands has to operate in this way. The company cannot assume that a standardized marketing, planned without taking the different contexts into consideration, will lead to a standardized positioning. However, as it has been pointed out, the possibility of achieving an identical positioning worldwide by adapting to the local contexts is limited when differences become large, i.e. when they become differences of category and not just of degree.

This situation will be the typical outcome when a company which operates in a number of different markets goes for optimal marketing solutions in each of these markets taken separately. It is the one implied by adaptation-difference perspective where different products tacitly are assumed to result in differently perceived products. It is of course often the case that different context free products lead to different context bound products, but as it has been argued in the preceding discussion, this is not the only possible outcome.

It is actually possible to achieve a common and identical positioning by means of a differentiation and adaptation of the context free product. In this sense the traditional strategy of adaptation exaggerates the consequences of adaptation and excludes a strategic option from the perspective.

To sum up, products are not just products: they become what they are as the result of their integration into particular contexts, i.e. by being creolized by the local socio-cultural and economic contexts. Markets can be compared to prisms that break the light into a number of different colours that is not seen in the light that enters. One cannot assume that what goes into a prism also is what comes out. But it is possible to change and regulate the output by moving the light source and sending light on different wave-lengths. International marketing strategy must similarly make a distinction between the context free and the context bound product without assuming a simple one-to-one relationship between the two.

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¹ It is increasingly becoming clear that qualitative and quantitative methods are not mutually eksklusive. Hofstede's analysis of attitudes in a global corporation, for example, consists of an identification of a set of identical cross-cultural variables which take different values in different cultures. His quantitative analysis does not imply that all of culture can be reduced to these variables, nor that cultural differences can be exhaustively described as quantitative differences, but only that *some* aspects of culture can be analyzed in this way. It is in fact possible to conduct cultural research using quantitative methods without incurring into positivist reductionism. In phenomenological terms, culture can be seen as people's life-world which may require qualitative research to be grasped, but this does not contradict the assumption that the life-world contains quantifiable features.