Localizing in the Global Village:

LOCAL FIRMS COMPETING IN GLOBAL MARKETS

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A tourist seeking the authentic Moscow laments that Arbat street is no longer recognizable with its new architecture of Pizza Hut, McDonald's, Benetton, and French Perfumerie storefronts. Cities around the world have traffic-congested streets packed with Toyotas and BMWs, whole sides of buildings painted with Marlboro and Coca-Cola advertisements, and look-alike American-style shopping malls filled with Sony, Swatch, and Levi's. Advertising, cinema, and television project these images to the most remote parts of the globe. The world political economy of capitalism, global transport, communication, marketing, advertising, and transnational cosmopolitanism dissolve the boundaries across national cultures and national economies. The major agents of this global arena are transnational corporations (TNCs) that operate wherever opportunities arise within the global market. This article examines how local corporations (LCs) can compete with TNCs, in both home and foreign markets.

In the increasingly interdependent capitalist world system, firms based in affluent core countries—especially the European, American, and Japanese TNCs—have the greatest influence in determining what is produced and consumed. In 1990, there were 60 countries in the world that had Gross National Products of less than US$10 billion, while there were more than 135 transnational corporations with revenues in excess of that amount.[1] TNCs have proliferated widely and are now more powerful than ever. With global marketization and the spread of capitalism, many less affluent and transitional countries are regarded as new or unpenetrated markets for TNCs. Accordingly, discussions of competitive strategies for global marketing usually take the perspective of the TNCs or other firms from affluent countries.[2] Such discussions tend to focus on how TNCs and other Western firms can access foreign markets and, by so doing, further expand their operations. From this perspective, those whose competitiveness is to be further enhanced are the already more powerful and successful European, American, and Japanese firms.

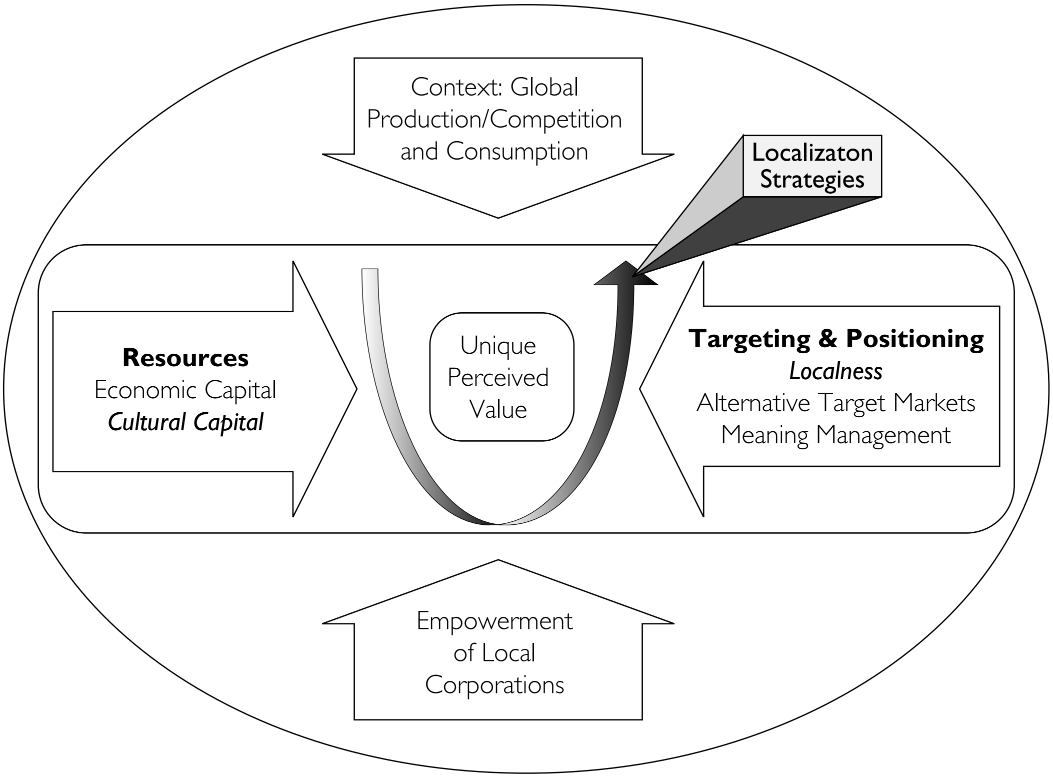
However, the global business arena also includes the less powerful local firms for whom global competitiveness is even more crucial if they are to have a chance of survival. Local firms are constantly confronted and threatened with competition from TNCs in both home and foreign markets. To be globally competitive in this contemporary world of diversity, a more innovative, critical, and proactive approach than most LCs typically undertake is necessary. Unlike the traditional local firms whose tendency is to operate under the supposition that the market is beyond their control[3] or those firms who find reassurance and security (and local success) in following the lead of foreign firms, local firms that aim to be global must develop according to different criteria. The standard propositions concerned with improving marketing systems, product, price, promotion, and distribution are necessary but not sufficient. A consumer-orientation also does not suffice to make a local firm a global contender, especially if the accepted market definition is derived from global firms themselves, as is often the case. LCs cannot catch up with TNCs who are far ahead in the road and going very strong. However, they can take a different road.

There is an opportunity for LCs, inherent to their context, that allows them to select and develop alternative strategies fundamentally different from the ones followed by TNCs. Rather than operating in the already highly competitive markets shared and dominated by the TNCs, local firms can better take advantage of their potential by operating in alternative domains and "out-localizing" the TNCs, in both global and local markets. The intrinsic advantage retained by LCs is their "local" identity and culture. This can then be further developed to enable these firms to compete with "local" strategies aimed at defining the "authentic" in selected non-standard domains, such as in cultural goods and products for local conditions.

Conceptual Framework for Developing Strategies for LCs

The global context of production/competition and consumption sets the stage and provides opportunities for LCs. Within the global context, there are three key components of competitive success for LCs—unique perceived value, cultural capital, and alternative targeting and positioning based on the precept of localness. Use of resources and targeting/positioning work together to create a unique perceived value for any firm. In the case of LCs, cultural resources and positioning/representation of "localness" to alternative target markets can create a unique perceived value. Local firms can turn the opportunities provided by their context into competitive advantages through a process of empowerment. Competitive strategies for LCs are induced by and grounded in the interplay of the three components.

Conceptual Framework for Competitiveness of Local Corporations in Global Markets



The Context: Global Production and Consumption

Globalization consists of an ever-increasing number of worldwide chains of economic, social, cultural, and political activity as well as the intensification of levels of interaction between societies.[4] Global flows of people, money, technology and information, media images, and ideologies are diverse and complex.[5] Although these flows are dominated by TNCs, they are not unidirectional: in this nexus of multiple and asymmetric interdependencies, there is interplay and reciprocity. The development of taste and demand for such items as Vietnamese restaurants, Reggae music, Egyptian novels, Chinese films, Indian clothes, and Afghan jewelry in the U.S. and Europe are examples of peripheries talking back. Both the center and the periphery have become more visibly diverse and differentiated. This differentiating impact of globalization strengthens or reactivates national, ethnic, and communal identities and the pattern of interrelationships fuels a hybridization of social life. In fact, the new global cultural system actively promotes difference instead of suppressing it. Yet in the contemporary world of non-monolithic capitalism, the multiple centers—whose most important agents are the TNCs—define the reality, the "normal," and the "authentic" for production and consumption.

These diverse global marketplaces fuel and are fed by an increasingly widespread consumption.[6] However, although consumption orientation is spreading globally, consumer cultures are not homogeneous. Historical and current local conditions, interacting with global forces, shape the specific consumption patterns and meanings in each locality. Consumers use and experience consumption in their own unique context in dealing with the contradictions, changes, and uncertainties of their lives and worlds. Consumers draw from all available sources—global and local, new and old—as they use products to construct and communicate their identity, to relate to people, to mark social differences, to seek comparative status, and to pursue emotional and aesthetic pleasures.[7]

The global products of the "good life" are desirable in all societies. The type of product manufactured by European, American, or Japanese TNCs is generally regarded to be state-of-the-art, modern, original, high-quality, and therefore, highly desirable, in global markets. In contrast, products of LCs are generally regarded to be low-quality items, cheap imitations, old and outdated products, or, at best, traditional ethnic curiosities. What has been termed "country-of-origin" or "product-country image" affects product beliefs and the evaluations of consumers, importers, investors, distributors, and retailers.[8] In general, consumers' perceptions of quality for products made in developing countries is negative. In less affluent societies, the abrupt exposure to global products and communications brings a naive trust and veneration for the novel and the foreign. Consumers from as diverse societies as Vietnam, Turkey, and Trinidad prefer foreign goods and have low confidence in domestic products.[9] This fascination with global goods breeds an inability to respect domestic products or to notice their potential, and it results in a cultural dependency on foreign products and images. Even the Chinese, arguably the most self-respecting people of any of the developing countries, say "Heaven is abroad."[10]

However, consumers are increasingly interested in more than the standard, homogenized products of TNCs. They are actively seeking diversity in local products. In affluent societies, consumers are increasingly exposed to and are becoming more curious about foreign cultures, cuisines, clothes, music, art, spirituality, and travel. They are becoming more exploratory, playful, and active, thirsting after new experiences and meanings, and wanting to discover something exciting and, most importantly, unexpected.[11] In this search, consumers pursue difference: "a need is not a need for a particular object as much as it is a 'need' for difference (the *desire for social meaning*)."[12] Also, some consumers prefer green, simple, ethical, or responsible consumption. In less affluent societies, there is a revival of localism in consumption: consumers are expressing a return to their roots, reconfiguring global goods and their meanings to better fit local culture and, especially, mixing the old and the new from disparate sources.[13]

Thus, the diversity of demand and interest in the local is increasing in both affluent and less affluent societies.

Both production and consumption are diverse, pluralistic, and interrelated in dynamic global markets. Local firms can identify opportunities provided by the heterogenizing global forces, the multiplicity of consumer cultures, the increasing exploratory behavior of consumers, the importance and prominence of images/symbols, and information technology.[14] With a clear and balanced understanding of their local strengths within the frame of global power relations, LCs can construct global images of authenticity and desirability for their "local" products in consumers' minds.

Three Components of Competitive Success

Unique Perceived Value

Firms compete by delivering either greater value or comparable value at a lower cost. Competitive strategy is about being unique.[15] The fundamental challenge for an LC, aiming to outperform its global rivals, is in choosing a different set of activities in order to deliver a unique mix of value—that is, finding a new position and establishing a point of difference that it can preserve.

A point of difference becomes unique symbolically as well as functionally. Products are not merely useful, they are also meaningful. For example, Coke, a prototypical TNC product, is unique with its taste and bottle (both of which are patented) as well as its image. Coke is not only a beverage, it also embodies the characteristics of being young, modern, active, and American. Image and product become one: the perceived quality and value of the product rests in the meaning the consumer gives to the product. That meaning is constructed in the experience of shopping and consumption. Moreover, the symbolic meaning is now more important than ever in the global arena. Both the number and variety of products are increasing at a tremendous rate, and this trend is based less and less on technological differences and increasingly on symbolic ones.

Thus, the challenge for competitive strategy is not only with regard to the more obvious issues (technology, innovation, quality, know-how, and R&D), but also with regard to the symbolism associated with uniqueness, and with the symbolism of global versus local products. It is one thing for LCs to improve the technical quality of their products. It requires quite different strategies and thinking in order to be innovative in ways that can overcome the negative stereotypes and images—at home and in foreign markets—associated with products from underdeveloped countries. It is not only goods, but also symbols that are being produced in the process of production, pricing, distribution, and promotion. Thus, the management of a code of meanings is critical in delivering a unique perceived value.

Cultural Resources

Global business is an arena in which firms compete for capital, and superior resources are critical sources of advantage.[16] Compared to the TNCs, LCs are clearly at an disadvantage with respect to economic resources. However, there are alternatives. LCs can focus on and develop other types of capital, such as cultural capital, as a resource that can lead to competitive advantage. An adaptation of Bourdieu's sociological analysis of capital provides a conceptual basis for the potential resources of firms and his notion of cultural capital for individuals can be extended to that of firms.[17]

Bourdieu argues that capital is a basis for domination and that types of capital can be exchanged for other types of capital. Social life consists of a struggle for position or domination: individuals seek to circumnavigate the constraints social structure sets against them. The objective is to accrue capital, which refers to the attributes, possessions, or qualities of a person that is exchangeable for goods, services, or esteem. Capital takes time to accumulate and has the potential to produce profits and to reproduce itself in identical or expanded form.

Capital exists in many forms. Bourdieu identifies three types of capital: economic capital (material things); symbolic capital (prestige, status, legitimate authority); and cultural capital (culturally valued taste and consumption patterns—including art, education, skills, sensibilities, and creativity). Capital acts as a social relation within a system of exchange and refers to all goods, material and symbolic, that seem to be rare and valuable. The structure of the distribution of different types of capital at a given point in time represents the structure of the social world—i.e., the set of constraints that govern its functioning.

Cultural capital is a special form of resource, a proficiency in the consumption of and the discourse about prestigious cultural goods. Cultural capital exists in three forms. In its *embodied state*, it is a cultural competence that derives a scarcity value from its position in the distribution of cultural capital and yields profits of distinction. In its *objectified state*, cultural capital is the product of historical action in the form of cultural goods—material objects and media such as writings, paintings, monuments, and instruments. As the cultural capital incorporated into the means of production increases, the collective strength of the holders of cultural capital also tends to increase. However, the collective strength of the holders of cultural capital will only increase if the holders of the dominant type of capital (economic) do not set the holders of cultural capital in competition with each other. In its *institutionalized state*, cultural capital is a certificate of cultural competence—an officially recognized and guaranteed competence. A cultural resource has the potential to be converted into capital when an institution sanctions a particular resource as capital. Official recognition makes it possible to establish conversion rates between cultural capital and economic capital by guaranteeing the monetary value of the former. Di Maggio suggests that cultural entrepreneurship involves the purposeful restructuring of symbolic elements to shape and portray them as resources and, potentially, as capital.

These notions imply that when cultural resources and goods are made prestigious, they are potentially convertible into economic capital. Such a conversion will be most likely when cultural resources are symbolically reshaped and institutionally validated. Extending these notions of cultural capital and applying them to firms within the current global context, greater chances exist for local firms with respect to their cultural resources rather than their economic resources. LCs can build upon their cultural competencies and resources and use them to improve their position. LCs can rely on cultural capital to construct a sustainable, unique value and offer the symbolism of authenticity and prestige.

The three main challenges for ventures that attempt to capitalize on cultural capital are to avoid being appropriated or taken over by TNCs, to avoid ending up as a temporarily popular trend, and to avoid the trivialization of local cultures. These challenges necessitate a means to make authenticity globally acknowledged. Cultural productions involve invention and representation. For example, Ulin argues that the reputation of Bordeaux wines, believed to follow from superior techniques of vinification and ideal climate and soil, involves a reinvented wine growing tradition and a representation as cultural capital.[18] The *Appellation Controlée* system in France provides regional endorsement of the original and the unique, such as Bordeaux wines, Cognac and Calvados brandies, and Brie and Camembert cheeses. Analogously, LCs can develop, reinvent, restore, express, and display local cultural capital. The objects and experiences that are commodified and marketed as cultural difference are dependent on concepts of cultural and aesthetic authenticity. However, just as regions in France—and not the European Union—define quality, so can organized LCs provide local definition and expression of authenticity. By defining and expressing authenticity themselves and not leaving it to the global market, LCs can establish quality and originality symbolism for their products. By exercising such control over the production and presentation of their culture, LCs can also avoid trivialization. Authentication involves copyrighting and patenting cultural productions as well as other institutional means of recognition and certification. Official sanctioning by an organization will supply the object with the necessary accreditation of its authenticity and quality, and consequently it will enable conversion from cultural to economic capital. The challenges of being appropriated, trivialized, or turned into a passing fad also necessitate both forming alliances with other organizations and strategic use of global media. As the cultural goods of LCs proliferate, the collective strength of these LCs will tend to increase. Marketing cultural productions globally, with the symbolism of authenticity and quality, will make the country image and image of local products in domestic and foreign markets more positive and increase the appeal of products of other LCs from that country.

For example, it is conceivable that *hamam*s (Turkish baths) can be reinvented and represented as an authentic cultural product. Elegant and luxurious *hamam*s, built according to ancient designs and with domes decorated with small stained glass windows that create a reflected array of colorful light through the vapor rising from the marble hot water pools, could be popularized throughout Turkey and the world. Brochures or web sites can link *hamam*s to the current global health trends and also inform global consumers about the sociocultural role of *hamam*s in historical civilization. As an alternative to spas and saunas, *hamam*s could appeal to discriminating consumers seeking diversity in relaxing leisure experiences. The key issue would be finding an institutional means of authentication, recognition, and certification for *hamam*s and obtaining cultural property rights or cultural patenting.

Locating and mobilizing resources to transform them into a unique value requires an innovative approach and creative thinking. Creativity and innovative thinking in the conception of strategies are founded not only on analysis, but on insight and intuition as well. There is a much greater potential for innovation and creativity if entrepreneurs build upon the locally existing strengths, roots, culturally embedded memories, and tacit knowledge. Extrapolating from lifelong practices and indigenous pools of knowledge will foster self-confidence—which, in turn, is critical for activating and enabling insight and intuition. Relying solely on external, imported know-how usually reduces self-confidence and has the potential to repress local creativity. Moving toward internal strengths and cultural competencies can foster opportunities for innovation. The major challenge for entrepreneurs is to restructure cultural and symbolic elements so that they are shaped as cultural capital that can eventually be converted to economic capital.

Targeting and Positioning: Localness

Shaping cultural and symbolic elements into capital involves positioning and representing offerings as being of a unique perceived value for target consumers. Local culture is the most accessible yet least utilized resource for local firms. Local entrepreneurs can find or create niches based upon their unique local properties and can transpose local strengths and potentials into profitable national or transnational businesses.

Consumers: Alternative Target Markets

Finding and targeting segments likely to respond positively to the possible offerings are key success factors in any competitive strategy. The issue for LCs becomes that of targeting alternative segments whose preferences and desires match the cultural resources of the firm and/or who are not the conventional target markets of or are underserved by TNCs. The context of global production and consumption suggests three alternative target markets: global consumers seeking alternative goods and experiences; local consumers seeking nostalgia and a return to roots; and global underprivileged consumers.

Firm's Positioning Strategy: Managing the Meaning of "Local"

Because image is critical to the unique value, the challenge for the firms trying to improve the perceived quality and value of a product is the management of symbols and meanings as well as of the production process. Meaning is created and managed by invention, construction, signification, and representation (symbolism) of a product. The predominant image of local products is either exotic souvenirs or low-quality objects. Positive symbolism has to be constructed to counteract the market resistance posed by a negative product-country image. In both home and foreign markets, LCs must position and manage the constructed meaning (image) of their products, based on existing conceptions but with a positive twist. For example, the meaning of a *hamam* can be managed to represent it as a unique, distinctive, exotic, cultural, healthy, and relaxing leisure experience. In order to manage meanings and processes effectively, managers must have a understanding both of the meanings of products and brands in particular sociocultural contexts and of the processes of communication in a world engulfed by images.

Empowerment of Local Firms for Global Competitiveness

A process of empowerment can enable LCs to successfully compete with the more dominant TNCs in local and/or global markets. This process requires a creative and innovative mentality, a global/local vision, self-crafted marketing strategies and practices, alliances and partnerships, and the development of a supportive political environment.

Mentality and Attitude: Innovative Rather than Imitative

An LC needs to be dynamic and innovative to exploit its cultural resources and to build and manage a unique value. LCs must avoid directly transplanting the marketing practices and research methods of other countries.[19] They must not simply copy foreign firms. Locally rooted creative products will reduce feelings of deficiency, increase self-worth and self-respect, and foster pride in the local, leading to an empowering and confidence-building cycle. Self-defined authenticity and self-expressed cultural capital will also empower the LCs. Learning-by-doing will make innovative tendencies and practices more potent in time.

Global/Local Vision

Innovative local firms need to be sensitive to the new global reality that consists of forces of both globalization and localization as well as rapid change. These enterprises must develop a profound understanding of inter- and intracultural dynamics. The greater availability and accessibility of global media, the internet, tourism, and other means of intercultural interaction make it possible for more people to develop this understanding than ever before. LCs need much more than marginal forms of integration into the world economy. They must interact with TNCs and LCs from other countries in order to have the opportunity to learn from them, to learn about themselves, and to form alliances with them. They must go beyond exports and establish deeper connections and integrated relationships in international markets with the emphasis being on the specificity of the local. They must realize that the best markets may lie beyond the neighboring countries or other habitual export markets. Local firms need to be present in many global markets, developed and developing, in order to compete with the TNCs.

Strategy, Skills, and Know-How

Conventional wisdom mistakenly states that in order to modernize marketing to be more effective and efficient, firms in developing or transitional countries must transfer marketing know-how, education, and practices from the West. However, good marketing is not a set of skills and practices to be adopted wholesale from developed countries. Instead, LCs must develop, mold, and employ their emergent, locally specific marketing skills and practices. Marketing practices must be appropriate for the particular local context and, hence, they must be crafted locally.

In shaping their own practices, LCs seeking a unique differential advantage must move with a strategic long-term perspective.[20] They must focus on customer care, while improving productivity and quality, and must aim for value-added improvements and brand equity. They should build skills in financing, accounting, database formation and analysis, and diagnosis. Furthermore, they should develop and use information technologies based on an understanding of the interplay between technology and culture. They should focus on diagnosis rather than optimization and should regard strategy as essentially dynamic, requiring continual adjustments and change.[21] They must understand the symbolic competitive frame within which they and their products are perceived and must manage the meaning they communicate to their consumers, employees, and other stakeholders.

LCs should not blindly transfer marketing research methods from developed countries as these have a biased focus on middle-class consumers and on marketing problems that typically arise in developed societies. Instead, they must be creative in designing and using low-cost marketing research, consumer research, and environmental scanning. If the task is to create and communicate meaning, researching attitudes toward products and purchase intentions is no longer sufficient. Since standard market research methods imported from the West do not attempt to uncover the desires and experiences of the poor, LCs must rely on qualitative research and ethnographic understanding of rural and underprivileged consumers, of ethnic and religious subcultures, and of consumers undergoing transition (such as migration to the cities or an abrupt encounter with global media, marketing, and tourists).

Alliances and Partnerships

Faced with the threat of marginalization, strategic alliances are more critical for LCs than for TNCs. Dholakia uses the term "interorganizational marketing" to refer to organizations linked on a long-term basis by joint ventures, contracts, franchises, projects, and other methods.[22] Such linkages create globe-spanning networks that "are able to mobilize resources and pursue opportunities more effectively than even giant firms unaffiliated with such networks."[23] Various forms of cooperation, networking, and partnerships can empower LCs. Such relationships can be formed with other LCs (at home and in other countries) to reap the benefits of mutual competitive advantage (e.g., raw materials, human resources), to join forces against the TNCs, and to learn from each other. Relationships can even be formed with TNCs themselves. LCs can also network with and obtain assistance from local and global governments, non-governmental organizations, or civil associations.[24] Such networking and collaboration—through pooling resources, competencies, and skills—enables creative projects and increases the local capability and power against TNCs.

Recent critiques suggest that globalization tends to solidify "a new set of class divisions—between those who prosper in the globalized economy and those who do not."[25] As transitional countries attempt to integrate into the world economy, there is the threat of social disintegration. The Lyon summit of the Group of Seven, held in June 1996, gave a communiqué titled "Making a Success of Globalization for the Benefit of All." The leaders recognized that globalization raises difficulties for certain groups, and they wrote:

> In an increasingly interdependent world we must all recognize that we have an interest in spreading the benefits of economic growth as widely as possible and in diminishing the risk either of excluding individuals or groups in our own economies or of excluding certain countries or regions from the benefits of globalization.[26]

Proponents of cultural diversity (e.g., UNESCO), organizations interested in reducing the negative consequences of globalization (e.g., WHO, UNDP, immigration institutions), and some educational institutions could well be interested in helping LCs to help themselves and be proactive in spreading the benefits of globalization.

One example is the case of the extractive products in the Amazon region.[27] This case illustrates how an alliance that employed the forces of capitalism while still valuing local knowledge and ecosystems was able to reap financial benefits. Rubber-tappers and forest peoples (supported by Cultural Survival, a people-oriented organization) formed a partnership with progressive international entrepreneurs to market Brazil nuts and other tropical forest products to Northern consumers interested in environmentalism. This provided lucrative markets for both sides. Other specialty products, such as fashionable health or ethnic goods or botanical medicine, can be sold in world niche markets using this model of global cooperation.

Another form of cooperation that can be advantageous to LCs is the "information partnership," where information, research, and other data are shared with other local firms. Local firms can share investments in hardware and software and reduce risks in "cutting-edge" technology investments.

> Through an information partnership, diverse companies can offer novel incentives and services or participate in joint marketing programs. They can take advantage of new channels of distribution or introduce operational efficiencies and revenue enhancements. Partnerships create opportunities for scale and cross-selling. They can make small companies look, feel, and act big, reaching for customers once beyond their grasp. Partnerships can make big companies look small and close, targeting and servicing custom markets. Partnerships, in short, provide a new basis for differentiation.[28]

Acting upon the Political Environment

The viable strategies for any firm are irrevocably intertwined with local conditions such as political stability issues, state policies or other initiatives, relations with foreign and local capital, regional economic blocs, and cultural and educational factors that influence consumers, stakeholders, and human resources.[29] Public policy clearly contributes to how conducive the environment is for the strategies recommended to foster globally competitive local firms. However, local firms are also able to shape their environment and they can help initiate governmental or civil action to establish an enabling context.

Localization Strategies for LCs to Compete with TNCs

While LCs cannot "out-globalize" TNCs, they can "out-localize" them in both global and local markets. Even if the TNCs "think globally, and act locally" and undertake product, package, promotion and advertising modifications, the LCs are still going to have the unquestionable advantage in the local domain. The local firm, thinking and acting both globally and locally, can successfully compete with the TNCs in its own local arena as well as in certain segments of the global turf—segments that seek localness either for variety or as a symbol of resistance, or parts that have local conditions and desires (similar to the home turf) to which the TNCs do not pay attention and to which LCs' products can cater. LCs can compete by creating their own niche either in the local home market or as a global player in alliance with transnational institutions or other local firms in multiple similar markets across the world.

The role of symbolism in constructing a unique value implies that LCs have to be successful globally or at least have some global presence before the image of local products can be improved at home. Hence, LCs must not aim to start locally and grow slowly to be global. Rather, they must aim either to start in a foreign market or to have a simultaneous presence in both foreign and local markets. That is, they must go fully global to the extent that capital and knowledge constraints can be overcome. In fact, the existence of "Born Globals," whose management viewed the world as its marketplace right from the birth of the firm, has been observed in many countries.[30]

This can be done in domains where the TNCs are not as strong, but not in the typical or "modern" industries such as cars, electronics, and hamburgers. This does not rule out the possibility that some local firms can compete with foreign brands head-on. If they make long-term investments and prune their product lines, LCs can make the few brands they focus on world class, even in "modern" sectors such as durables and clothes. However, global competitiveness is more likely if LCs provide alternatives to standard mass products and services.

Local as an Alternative to the Modern "Normal" Global

Local firms can reinvent, reconstruct, and repackage local products, services, and places. LCs can take advantage of consumer tendencies in the new world of hyperreality, cyberreality, and exploratory consumption. They can produce a variety of "toys" for the global consumer seeking diversity (the affluent cosmopolitans in modernizing domestic markets as well as in foreign markets). LCs can offer alternative products for the non-conformist or ethically concerned consumers. LCs can offer prestige by providing the unique, the exotic, the unusual.

For instance, in Turkey, there is a trend in up-market restaurants to bring back forgotten regional cuisines to compete with the Western-style restaurants serving a mix of quasi-European dishes. Similarly, localized eateries can successfully compete with the multinational fast-food chains, such as McDonald's. A successful Turkish example of this type of entrepreneurship is that of Ibrahim Tatlises (a Turkish pop music and television star) who is now planning to expand his *lahmacun* (thin, pizza-like dough with meat and spices) fast-food chain to New York. In such a way, local enterprises can take local tastes into the global arena in many lines of business and be successful.

Local firms can discover unnoticed national or export potential in what are considered to be regional or local peculiarities. They can then build them into rare, unique specialty products by mingling local culture with modern business. In Turkey, for example, traditional products such as raki (a distilled alcoholic drink), lokum (Turkish delight), embroideries, carpets and kilims, ceramic and copper wares, and herbal teas can be recreated to connote uniqueness and distinction in just the same way as French Bordeaux wines. Shopping malls, fashioned after traditional covered bazaars, can offer alternative shopping spaces and experiences both in Turkey and throughout the world. They can appeal to those bored with the look-alike American malls.

LCs can serve national or global markets by reviving local cultures through a revitalizing of local crafts, making them youthful and fashionable. By collaborating with small-scale producers in villages, as in the successful silk business in Thailand,[31] LCs can increase marketability of their goods and enable such a repositioning strategy. Beymen, an upscale Turkish store, organizes villages to weave top-quality sheets, curtains, bedspreads, and tablecloths using traditional materials and designs and then presents these textiles as fashionable goods. Local peculiarities can also be rebuilt, positioned, and communicated as environmentally friendly, natural products. Examples that appeal to global consumers are health foods, botanical medicine, natural soaps, herbal teas, and natural olive oil. Many products—from natural local drinks to expensive jewelry —await entrepreneurs to recognize their potential and build them into world products.

Similarly, unspoiled nature sites, nomadic or rural life, and special spaces can provide sustainable eco-tourism. Hotels restored from old houses or old Kervansarays and accommodations provided in nomadic tents would be more welcome to the alternative tourist than the standard Hiltons and Sheratons. With such an approach, Hungarian Danubius Hotels & Spas modernized natural thermal sites and are marketing them to Western European tourists.[32]

Associating the usually negative notion of "underdeveloped" with the positive "natural," "unspoiled," "exotic," and "rare" provides a way to circumvent negative country images. Relating other negative associations to positive concepts or emphasizing existing positive beliefs and symbols will also reinforce favorable imagery.[33] This strategy of local-as-an-alternative does not have to be restricted to traditional or ethnic products. High-tech goods can also be based on local strengths and history. For instance, the start-up firm Sebit is in the process of producing state-of-the-art educational multimedia CD-ROMs, involving an Ottoman mapmaker, for home sales in Turkey and sales to the New York state school system. The CD-ROMs, titled *Piri the Explorer Ship: A Multicultural Exploration via Piri Reis's Map of 1513*, involve an edutainment game. Sebit, a spin-off of a Turkish National Science Foundation project, is working with historians, artists, educators, and a Turkish film director living in New York.

For this strategy to generate more than souvenirs, LCs should emphasize cultural goods and experiences that add to the cultural capital of the individual. The concept of cultural goods originally referred to artistic/cultural resources and heritage, but now includes natural resources and mass-distributed cultural merchandise such as films, records, and software.[34] Exploring consumers, tourists, and collectors prize cultural goods for their emotional, sentimental, symbolic, intellectual or scientific value. Demand for cultural capital has increased in the context of volatile global markets and technological innovations. Export of a variety of cultural products will enable the local firms to make a larger global impact.

Information Goods

In addition to and consistent with the products grounded in local culture, LCs should emphasize experiences and goods related to these experiences. They need to focus on services and production of images and ideas—film, music, books, plays, virtual activities, nature activities, culturally enriching travel and education, artworks, art events, and media (print, broadcast, electronic). There is an increasing interest in experiences in the arts and entertainment, education, leisure, health care, and travel. Accordingly, related service industries have been increasing. There are many more opportunities now than ever before to export films, animation, design, and music through the global media.

Furthermore, such products also require little in terms of economic capital investment. In their model of international trade, Douglas and Isherwood define consumption of three sets of goods: a staples set (natural resources), a technology set (intensive use of both skill and economic capital), and an information or services set (special skills and specialized information).[35] Douglas and Isherwood argue that

> [the service] sector, though it uses highly specialized skills. . .also gives employment to quite unskilled workers.…[T]his gives the services sector a capacity to absorb and pay better an unskilled rural population made surplus to a more capital intensive agriculture. Similarly, many who gain employment in producing information services do not need long training or specialized skills.[36] It is a feature of the tertiary, or services sector, that it calls for relatively little support from capital investment. It also has scope for employing a relatively untrained labor force. This means that a strongly developed tertiary sector is a potential source of innovation, since there is no heavy investment tied up in capital equipment which would have to be discounted if a radical change were contemplated.[37]

Thus, to take advantage of this opportunity for innovation without intensive economic investment, LCs should go into the information set of goods, such as services and information technology, rather than staples or manufactured technology goods. For example, the development of software may be particularly lucrative in some underdeveloped countries where there is an engineering emphasis in education and skilled manpower is available. The Czech firm Bonton in entertainment and the Hungarian firms Graphisoft in architecture software and Recognita in character-recognition software are examples of Central European entrepreneurial firms "making a splash beyond their borders."[38] Information goods, including images and ideas, overlap with and nurture cultural goods and help build quality and originality symbolism around local products.

Goods for the Less Affluent World

Local firms can identify market segments to which TNCs are not sensitive enough and where LCs have a competitive advantage, such as in basic consumer benefits, distribution, or after-sale networks. User-centered,[39] environmentally friendly, low- or high-tech, and low-price products and services can appeal to the underprivileged consumers in both domestic and global markets.

One approach involves designing and producing low-cost appropriate technology alternatives suitable to local conditions. In Turkey, for example, where there was a widespread need for low-price telephone switchboards in small offices and rural areas, two electrical engineers designed fully automatic electronic telephone exchanges. The firm they set up in 1986, Karel, now sells these innovative PBXs, PBX add-ons, and other complementary products locally as well as in 22 countries such as Poland, Hungary, Romania, Jordan, Tunisia, Saudi Arabia, Lebanon, Egypt, Iran, Nigeria, Central Asian Republics, Greece, Spain, Portugal, and even in the USA. In some countries, the price differential of Karel with the closest price competitor runs up to fivefold.

Common factors in the global peasant and slum markets can make it worthwhile to target the poor and design products and services for their conditions and desires. Not only are peasant and slum lifestyles around the world amazingly similar, but these markets are also unexpectedly receptive to new products. Sewage treatment, waste disposal systems, potable water supply, health services, community infrastructure schemes, communication, retailing (e.g., innovative mobile stores that reach the slums and rural areas), and transportation (e.g., planes for short and unpaved runways, vehicles for local climates and road conditions) are some areas that provide global opportunities. For example, a Chinese firm supplies tube wells (to obtain clean water where underground water levels are close to the surface), pipes, fittings, and pumps to Bangladesh. Thai firms penetrated peasant markets in China with an appropriate technological innovation—walking tractors. Although ignored due to an urban-middle-class and high-tech mindset among managers, rural residents and the slum poor may well be lucrative markets.[40] There are opportunities to be taken advantage of by fulfilling the desires of this immense market. Yet, Western firms generally do not pay attention to the poor, and, following their lead, local firms do not either.

User-centered, socially desirable, and culturally appropriate products, such as small efficient gas stoves, solar cookers, wood-conserving cable drums, and electronic voting machines can be commercially successful. LCs, either on their own or in cooperation with institutes such as India's National Institute of Design, can employ responsible and culturally appropriate product design and distribution.

Concluding Thoughts

By moving with an in-depth understanding of global production and consumption dynamics and grounding their actions in the local culture and strengths, local firms can be global contenders and out-localize TNCs in the global village. With diverse consumer meanings and product-country images in the multiple consumer cultures of the world, where consumers negotiate sameness and difference, LCs can offer difference—local alternatives to compete with the standard TNCs. Three domains described which could be developed to out-localize the TNCs are the local-as-an-alternative (especially cultural goods), information goods, and products designed to accommodate similar local conditions and the desires of the poor and alternative consumers of the world. To be a global player in these alternative domains, the local firm must develop an innovative perspective; global and local vision; self-designed strategies, skills, and know-how; alliances; and a supportive political environment.

Conventional imitation of TNCs has been considered the only way for an LC to be a successful global player. Local culture has been ignored and devalued in attempts to progress and modernize. In attempting to compete globally, most LCs are blind to the fact that local culture is a valuable resource to be capitalized on.

Global interconnectivity is inevitable. To meet this challenge, LCs must negotiate globalization. Local firms can best achieve this by drawing upon local culture and diversity and offering something different from what TNCs are able to offer. They must investigate areas that TNCs are ignoring—the local context, the urban and rural poor, and small local markets with similar conditions all over the world. They must shape their own product and consumption meanings in consumers' minds. While local firms cannot undermine TNCs' domination of global markets, they can avoid being excluded or marginalized.

LCs need to be both sophisticated in the ways of global business *and* intuitive. They also need to be more diagnostic than optimizing, and more insightful and interpretive than analytical. To increase their long-term effectiveness, LCs must out-localize the TNCs. By developing and using cultural resources and taking advantage of various forms of global media and electronic commerce, LCs can succeed in having a nonmarginal presence in the global village. This involves not only taking part in the global flows of products and money, but also contributing to global flows of information, media, images, and ideas. This contribution is stronger if expressed as self-authentication of the local. Construction, expression, and management of meanings of quality and authenticity can provide a sustainable positive global image for local goods and firms. This, in turn, will increase respect for domestic products and reduce the domestic cultural dependency on foreign products and images in local markets, hence fostering and sustaining the competitiveness of local firms in the long term. By playing the alternative game of out-localizing the TNCs, LCs can become successful global players.

Notes

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3. Erdener Kaynak, *Marketing in the Third World* (New York, NY: Praeger, 1982).
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13. For the identity-expressive consumption in less affluent countries, see Ger and Belk (1996), op. cit.
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15. See, for example, Michael E. Porter, "What is Strategy?," *Harvard Business Review*, 74/6 (November/December 1996): 61-78.
16. George S. Day and Robin Wensley, "Assessing Advantage: A Framework for Diagnosing Competitive Superiority," *Journal of Marketing*, 52 (April 1988): 1-20.
17. See Pierre Bourdieu, *Distinction: A Social Critique of the Judgment of Taste* (Cambridge, MA: Harvard University Press, 1984); Pierre Bourdieu, "Forms of Capital," in J.G. Richardson, ed., *Handbook of Theory and Research for the Sociology of Education* (New York, NY: Greenwood Press, 1986), pp. 241-258; Paul DiMaggio, "Review Essay: On Pierre Bourdieu," *American Journal of Sociology*, 84/6 (May 1979): 1460-1474.
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19. Kenneth Simmonds ["Transition Marketing," *Society and Economy*, Quarterly Journal of Budapest University of Economic Sciences, 3 (1994): 9-22] also argues for the inappropriateness of direct technology or know-how transfers. See Joy and Ross [(1989), op. cit.] for a theoretical discussion of the futility of direct technology or know-how transfers in places with different development or modernization trajectories since development is not linear and progress not unidirectional. Ger [(1997), op. cit.] provides an elaborate discussion of alternative cultures (love and aesthetics) that enable local agents to avoid a catch-up-and-imitate culture.
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33. See Alice M. Tybout, Bobby J. Calder, and Brian Sternthal , "Using Information Processing Theory to Design Effective Marketing Strategies," *Journal of Marketing Research*, 18 (1981): 73-79.
34. Françoise Codron-Anty, "The Concept of 'Cultural Property' Applied to Health," *Proceedings of the International Association for Research in Economic Psychology*, 21st Annual Colloquium, Paris, 1996, pp. 847-859.
35. Douglas and Isherwood (1979), op. cit.
36. Ibid., p.183.
37. Ibid., p. 197.
38. *Business Week* (June 30, 1997), op. cit., p. 25.
39. The notion of "user-centered" design has been discussed by Donald A. Norman, *The Design of Everyday Things* (New York, NY: Doubleday, 1988); Victor Papanek, *Design for the Real World* (Toronto: Bantam Books, 1973); Nigel Whiteley, *Design for Society* (London: Reaktion Books, 1993).
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