

Going Glocal

When Procter & Gamble first entered China, they adopted a glocal strategy, whereas their major competitors adopted a multinational strategy. This approach has proven to be quite successful in the long-term, but was this the best approach?

P&G Goes Glocal

Procter & Gamble is one of the largest businesses in America. Their major brands include: Gillette, Duracell, Olay, Oral-B, Pringles, Pantene, Pampers, Max Factor, Vicks and Braun.

Brand equity is very important to Procter & Gamble. They first started advertising 150 years ago and today they are the biggest spending advertiser in the U.S. The company was attracted to China in the early 1980s, as the government began to open local markets. At that time, they were concerned with the level of political risk and the dramatic cultural differences, but the opportunity was too significant to ignore.

Rather than just rushing into the market, Procter & Gamble spent a considerable amount of time and money on 'preparing' the market. This included advertising to build brand awareness and liking, as well as research into consumers and the political system and practices.

One of the first findings of the consumer research was that the market didn't perceive any extra value from higher quality washing powders (which was a major division of products for the company). However, the research did find that personal appearance was important to Chinese consumers, indicating a viable market for personal care products - provided that the product was sold in individual use sachets (due to low disposal incomes at the time).

Today Procter & Gamble is one of the most successful foreign marketers in China. They hire and develop local managers, heavily utilize research to study Chinese families in their daily life, and then integrate this information into its advertising, as well as formulating some products using local flavors, colors, and textures.

Student Discussion Questions

1. Why was it necessary for Procter & Gamble to invest time and money into a 'pre-launch' period?
2. What would the potential dangers if they just 'rushed into' the market?
3. Do you think that most companies take this slower approach, or are more anxious to get into the market?
4. What do you understand by the word 'glocal'?
5. What firms, that you are aware of, who do not modify their marketing mix for the local conditions when they enter an international market?