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INSIGHT
By Gianfranco Zaccai

Global or Local? Make It Both

Yes, products that are a worldwide success can still keep a high cool quotient for individual markets. In fact, they'd better

I travel a lot and often find myself scouring airport shops for something special to bring to my friends and business associates in different parts of the world. Except for local food and crafts, I mostly find that global companies are selling the same products everywhere! But when a product becomes a global success, available everywhere to everyone, can it still be truly special to anyone?



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It can, as long as "global" doesn't mean "always absolutely the same." Coke (**KO**) is a successful global brand because it has perfected the art of embodying local culture in its local promotion while offering a global lifestyle. But the product itself also has the potential for a distinctly local flavor. In Italy, for example, the "barista" always asks if you wish to have a slice of lemon with your "coca," which is usually served only slightly cool and without ice. So the consumer can feel at least slightly "cool" for belonging to a global community while at the same time enjoying a distinctive Italian experience.

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This is a model for a great business opportunity. What if other products could combine the best global technology and design with a local flavor? And what if the "next big thing" is just waiting to be discovered far from your company's headquarters, design department, or R&D facilities?

The Local Touch

Henry Ford was reputed to have said that his customers could have "any color they want as long as it's black." He got away with it because, at that moment in industrial history, there was enormous value in standardization. Today, however, the competitive advantage lies in combining just-in-time manufacturing and mass distribution with the ability to personalize products for a specific culture or subculture.

Of course, as Ford (**F**) learned, customers expect the benefits of mass production -- product reliability and lower prices -- but they still want choices. A century later, Nokia (**NOK**) learned the same lesson. In the late 1990s, it was the unchallenged world market leader in mobile phones. Its one-piece "soap bar" design had vanquished Motorola's (**MOT**) flip-phone in most markets. And why not? Nokia's basic design and its multiple models were easier to build, nicely styled, and more convenient to use -- you didn't have to flip it open to make a call.

SPRINGBOARDS. However, Nokia soon found out that Finnish design rationalism and global success weren't enough. It didn't realize that the flip-phone had become a status symbol in the Asian market. Maybe people liked the action -- the coolness -- of flipping it open, even if it was a wasted motion. In any case, Nokia's design flopped in Korea and Japan.

As a result, fast-moving Asian manufacturers, such as LG and Samsung, developed a dazzling array of beautifully detailed flip-phone designs that connected with their customers. Coming from nowhere, they first took a dominant position in their own Asian market and used that as a springboard to the global market. Today, Samsung has displaced No. 2 Motorola and is quickly gaining on Nokia.

Clearly, the ability to give your global products a local touch may not only be a great business opportunity but also a matter of long-term survival. With today's manufacturing and distribution flexibility, companies can turn on a dime. Those that fail to do so may lose out, practically overnight, to those that do.

The Next Big Thing

Sometimes we assume that local products are only for local consumption. Coffee has been a big business in Italy for over a century. But legions of American tourists asking for cappuccino in the afternoon (a big no-no in Italy) had convinced Italian producers that their products were at best a niche business outside their local market. Americans obviously didn't like strong Italian coffee.

It took an upstart little company from Seattle called Starbucks (**SBUX**) to bring Italian coffee culture (not to mention Jamaican, Kenyan, Guatemalan, and Sumatran coffee beans) to the world with breathtaking speed and success.

Now two of Italy's largest and most respected producers, Illy and Lavazza, have launched new ventures, hoping to penetrate the U.S. and to revitalize their domestic markets. Illy has developed a series of ultracool "illy bar" coffee shops. Each is designed by a different designer, and they're built in diverse but always

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hip locations. Customers are even able to buy branded products, such as limited-edition Illy coffee cups designed by well-known artists. The idea is that each experience will be unique and local, but customers can always count on the brand and the quality of the coffee.

DELIVERING EXTRA VALUE. The fact is, people like being part of a global community. Yet they also value variety and uniqueness. They like products that go "beyond the call of duty," offering something more than their basic function. That's why local markets with particular needs often spawn the "next big thing" globally.

For example, mobile phones have value anywhere. But in Asian countries where many young people spend a lot of time commuting to work or school on public transportation, a mobile phone delivers extra value if it offers fun things to do while riding the subway -- SMS messaging, games to play, and graphics to send to your friends. As a result, Japanese and Korean teenagers helped define the new wave of mobile connectivity worldwide.

But beware. This is no easy formula for success. A few years ago, Chinese designers developed a culturally inspired "Chinese" mobile phone. Based on traditional Chinese theater masks, the phones were unique and visually striking, but they didn't sell well. What the designers had failed to research was the mind space of the Chinese consumer. It turned out that the target buyers didn't want a phone inspired by traditional Chinese masks. They wanted to be hip and up-to-date with the best of world design.

Nevertheless, this local failure produced an international success. The folk-art-inspired handsets sold very well in Europe, where they were appreciated as distinctive and a bit exotic.

Mass-Produced Customization

Companies with world-class technology and design creativity now have the option of going beyond local touches to individual customization. This idea inspired the development of the Smart car in Europe. And not long ago, my company, Design Continuum, worked with Adrian Chernoff, a brilliant designer with General Motors ([GM](#)), on a revolutionary version of "mass-customization" -- the hydrogen-powered, drive-by-wire "Autonomy" car.

The concept, which has been presented at international auto shows, will allow you to put different bodies atop a common skateboard-like drivetrain, so you can turn your weekday commuter car into a weekend pickup or camper. You can keep the drivetrain (which can easily last 20 years) but change the body every few years if you get bored with the style or require a different function.

It's interesting to note that such a vehicle could most easily be introduced in a country like China, where a hydrogen refueling infrastructure could be designed into the yet-to-be-built highway system. This would greatly reduce carbon emissions while allowing for a multitude of uniquely "Chinese" vehicle configurations.

Survival of the Spiciest

But even this isn't a new idea. In fact, people customize their mass-produced global products all the time. Good design research can uncover what people are doing for themselves (or even what they haven't done but would like to do) and give your company a chance to do it for them profitably.

Recently I was in Bangalore, the center of India's technology revolution. I asked some friends to show me their kitchen and soon found myself checking out their freezer. (It's not that my friends are boring hosts. I really like looking at what people have and do in their homes.)

These friends don't think eating frozen food is healthy (especially since they can buy fresh food daily) and hadn't even turned the freezer on. Instead, they were using it as a hermetically sealed place to protect their spices -- essential to Indian cuisine -- from insects. Such individual improvisations could be the inspiration for a new kind of food-storage appliance (see BW Online, 8/10/05, ["Insights from 'Thoughtless Acts'"](#)).

SOURCES OF SUCCESS. Spicing up global brands with local touches has long-term as well as immediate advantages. Successful global brands can become terribly risk-averse because the cost of a global failure is great. But trying out local varieties can be a comparatively safe way to experiment. Local successes can then go on to larger-scale success, backed by global manufacturing, marketing, and distribution capacities.

Just as biodiversity is a long-term advantage for the continuation of life on earth, local product variations can be engines of long-term company success and can be a powerful strategy for avoiding commoditization, the fate of many products that become globally popular but lose their original coolness.

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