

# Sustainable Entrepreneurship: Emergent Markets in Community-Driven and Localized Business Models

Elijah Ailen

Sat Paul Mittal School, Punjab, India

Globalisation has allowed market borders to expand tenfold in the last few decades. Aside from being beneficial to global economies and firms with an international outlook, it also serves to benefit smaller, more local firms. Despite facing more competition from multinationals and rapidly growing international companies, small businesses develop innovative business models and safeguarding techniques that allow them to take advantage of global trends and expand and compete with larger, more international firms.<sup>1</sup> Over time, due to the emergence of large competitors in local markets, governments and non-government organisations have made efforts to connect and diversify the links between smaller stakeholders in said markets, so as to allow smaller firms a fighting chance amidst global competition.<sup>2</sup> As a result, businesses that tailor to the specific demands of a region have managed to expand their reach across countries, and hence have begun to operate at an international scale. It has been seen that their strategies involve remaining dedicated to their speciality, be it a craft or culinary style, and focusing on the demand for their niche- and consequently creating demand on the introduction of said niche in foreign markets. Global customer bases, over time, have come to place importance upon local goods, moving away from mass-production and focusing more on sustainability and quality. This serves to be beneficial for companies that have grown from small, local firms, as the importance they place upon good quality and craftsmanship ultimately wins them higher profits and loyal customer bases.<sup>3</sup> Globalisation, thus, helps markets emerge in sustainable, local and community-driven development through the medium of entrepreneurship. Conversely, globalisation has allowed multinational companies that seek to engage with local markets to engage with local traditions and policies, so as to improve the perception of their products to the customers.<sup>4</sup> The aim of this paper is to explore how local and global companies seek to enter new markets while keeping their standing in existing ones, and the ways in which they hold on to the authenticity that allowed them success in their primary, local domain.

Local businesses' marketing strategies are largely centred around customers' identification with community values and their ethnocentric tendencies<sup>5</sup>, whereas larger international businesses rely on the growing appreciation for globalisation and consumer culture, with little regard for local icon-ness of products.<sup>6</sup> The success of global companies entering smaller markets is largely dependent upon the product, as well as the perception of the company by the locals. For example, Starbucks failed to make as big of an impact in Italian markets largely due to the consumers' perception that local coffee was far superior to anything offered by the chain.<sup>7</sup> Furthermore, brand perception and understanding of local culture is also important when looking at expanding to smaller, emerging markets. When Home Depot decided to enter the Chinese market in 2006, the US-based company did not take local tendencies to dislike DIY projects into account when organising their launch. As a result, the chain was unable to penetrate the market, and was forced to close its stores in China within a few years due to lack of business.<sup>8</sup> Home Depot itself is a largely successful chain of DIY and home improvement goods from the United States of America. This goes to show how marketing strategies that may have been successful in one market may not necessarily be successful in another.

The examples stated above show that global companies, no matter how successful, will always need to seek local advice before moving to a new market in order to establish themselves and stand a fighting chance within local markets. Though the converse, which is that local markets need to be wary of global competitors and improve their product and internal processing to remain successful may be true, global companies also need to take local strategies into account before moving to a new market and establishing themselves.

Growth of small businesses on a global scale has depended heavily on technology. Coming into the 21<sup>st</sup> Century, businesses begun to rely on social media and other online tools for marketing and advertising. By putting out content and advertisements on popular social media platforms and

<sup>1</sup>Perez-Aleman, P. (2012). Global standards and local knowledge building: Upgrading small producers in developing countries. *Proceedings of the National Academy of Sciences of the United States of America*, 109(31), 12344–12349. <http://www.jstor.org/stable/41685401>

<sup>2</sup>Ibid.

<sup>3</sup>Özsomer, A. (2012). The Interplay Between Global and Local Brands: A Closer Look at Perceived Brand Globalness and Local Iconness. *Journal of International Marketing*, 20(2), 72–95. <http://www.jstor.org/stable/23268747>

<sup>4</sup>Ibid.

<sup>5</sup>Dawetas, V., & Diamantopoulos, A. (2016). How Product Category Shapes Preferences Toward Global and Local Brands: A Schema Theory Perspective. *Journal of International Marketing*, 24(4), 61–81. <http://www.jstor.org/stable/44873437>

<sup>6</sup>Ibid.

<sup>7</sup>Dawetas, V., & Diamantopoulos, A. (2016). How Product Category Shapes Preferences Toward Global and Local Brands: A Schema Theory Perspective. *Journal of International Marketing*, 24(4), 61–81. <http://www.jstor.org/stable/44873437>

<sup>8</sup>Ibid.

assessing engagement, businesses can estimate and determine potential success in different markets before entering the market.<sup>9</sup> Aside from expansion into different markets, another impact of globalisation on small businesses has been the introduction of global consumers in local markets. Technology and the ease with which one is able to travel has meant that local economies receive seasonal boosts due to factors such as tourism. A big example of how local businesses may benefit from global customer bases is the service industry. Small inns and Bed-and-breakfasts, though not considered ‘global’ establishments, have come to benefit heavily from online engagement and tourism.<sup>10</sup> By using social media and other online advertising platforms, previously unknown businesses can propel themselves to the heights of popularity using consumer metrics and online reviews. A focus on local culture, cuisine, and values is extremely beneficial to such firms, as these factors heavily influence global consumers’ decisions to visit and provide their commerce. After all, visitors to these businesses mostly seek to experience cultures unique from their own, and untainted by a global outlook.<sup>11</sup>

Sustainability is another factor that has gained traction among consumers at a global scale. Where once consumers would look to cheap, affordable, mass-produced items, they now look for durable products made with sustainable materials using ethical business practices. Due to this, as well as the growing concern over global climate change, businesses have had to improve their sustainability practices, and place a higher importance on meeting their corporate social responsibility goals. If ignored, businesses risk the loss of a secure clientele, as well as the loss of resources and governmental support, which is vital for survival- especially to businesses that are new to a market. Without the support of local governments, and local people, businesses ultimately set themselves up to fail, rapidly losing resources and profits, and being ultimately forced to close down.<sup>12</sup>

An interesting market that has been developing for decades is that of India. Local Indian firms held priority in consumer choice prior to globalisation, but once global firms began entering the market, local firms were compelled to improve the quality of their products so as to deal with the new competition.<sup>13</sup> Over time, local companies learned that a focus on local values and ideas would lead to their product becoming a representation of Indian culture, which was an aspect that was slowly gaining traction in both their local and global markets. A good example of a firm that used this strategy is Flipkart. With a focus on Indian-produced goods, Flipkart expanded quickly and soon became iconic in the

Indian e-commerce market.<sup>14</sup> Economic reform in India led to the rise of Globalisation circa 1991.<sup>15</sup> Despite the introduction of a variety of foreign competitors in several market sectors, Indian firms continued to focus on community-focused marketing. Using aspects of Indian community and culture, companies focused on selling the ‘Indian-ness’ of a product above all else.<sup>16</sup> Slowly, multinationals began to pick up on this style of marketing, making themselves appear so local, that people began believing that certain global firms were, in fact, Indian. An example of this is Nestlé, whose products such as the Maggi instant noodle and spice range has become synonymous with the Indian identity, despite the brand being originally Swiss.<sup>17</sup> Brand identity marketing, therefore, has become a strategy used by numerous firms within the Indian market. This, coupled with an improvement in product quality has allowed some of the more local Indian firms to grow and diversify their market reach. Internal expansion of said firms has allowed hyperlocal businesses to expand to stages that make them accessible on a national scale. The natural next step for these firms is to go global, and this process, though feasible, takes time and money to achieve at a successful rate.

Local and multinational firms, in turn, have used a variety of resources that have become available in recent years due to globalisation trends to make themselves more accessible in a variety of markets. Using elements of the local culture in areas that they are based, companies ensure a higher rate of brand loyalty, and take up a higher proportion of consumer-focused marketing strategies. An emerging focus on sustainability, also, has prompted local and multinational firms alike to look at strategies that prioritise the use of sustainable production methods and materials. The emergence of technology as a tool for marketing has, in turn, made local brands and companies more accessible to global audiences. Taking local values and cultures into consideration has proved to be beneficial to both local and global companies, attracting a wealth of diverse clientship and assuring consumer loyalty. By tailoring their marketing strategy to the place in which they are establishing business, companies ensure success.

## References

- [1] Alden, D. L., Jan-Benedict E. M. Steenkamp, & Batra, R. (1999). Brand Positioning Through Advertising in Asia, North America, and Europe: The Role of Global Consumer Culture. *Journal of Marketing*, 63(1), 75–87. <https://doi.org/10.2307/1252002>
- [2] Bahadir, S. C., Bharadwaj, S. G., & Srivastava, R. K. (2015). Marketing mix and brand sales in global markets: Examining the contingent role of country-market

<sup>9</sup>See Ozosmer (2012)

<sup>10</sup>Lituchy, T. R., & Rail, A. (2000). Bed and Breakfasts, Small Inns, and the Internet: The Impact of Technology on the Globalization of Small Businesses. *Journal of International Marketing*, 8(2), 86–97. <http://www.jstor.org/stable/25048808>

<sup>11</sup>Ibid.

<sup>12</sup>See Dawetas & Diamantopoulos (2016)

<sup>13</sup>Naidu, Y. G. (2006). GLOBALISATION AND ITS IMPACT ON INDIAN SOCIETY. *The Indian Journal of Political Science*, 67(1), 65–76. <http://www.jstor.org/stable/41856193>

<sup>14</sup>Serra, P. (2012). Global Businesses “from Below”: Ethnic Entrepreneurs in Metropolitan Areas. *Urbaniziv*, 23, S97–S106. <http://www.jstor.org/stable/24920844>

<sup>15</sup>See Naidu (2006).

<sup>16</sup>Baker, M. J., & Cameron, E. (2008). Critical success factors in destination marketing. *Tourism and Hospitality Research*, 8(2), 79–97. <http://www.jstor.org/stable/23745519>

<sup>17</sup>Rundall, P. (1993). Nestlé’s Marketing Policy. *BMJ: British Medical Journal*, 307(6906), 734–735. <http://www.jstor.org/stable/29721098>

- characteristics. *Journal of International Business Studies*, 46(5), 596–619.  
<http://www.jstor.org/stable/43653869>
- [3] Baker, M. J., & Cameron, E. (2008). Critical success factors in destination marketing. *Tourism and Hospitality Research*, 8(2), 79–97.  
<http://www.jstor.org/stable/23745519>
- [4] Dawetas, V., & Diamantopoulos, A. (2016). How Product Category Shapes Preferences Toward Global and Local Brands: A Schema Theory Perspective. *Journal of International Marketing*, 24(4), 61–81.  
<http://www.jstor.org/stable/44873437>
- [5] Lituchy, T. R., & Rail, A. (2000). Bed and Breakfasts, Small Inns, and the Internet: The Impact of Technology on the Globalization of Small Businesses. *Journal of International Marketing*, 8(2), 86–97.  
<http://www.jstor.org/stable/25048808>
- [6] Naidu, Y. G. (2006). GLOBALISATION AND ITS IMPACT ON INDIAN SOCIETY. *The Indian Journal of Political Science*, 67(1), 65–76.  
<http://www.jstor.org/stable/41856193>
- [7] Özsomer, A. (2012). The Interplay Between Global and Local Brands: A Closer Look at Perceived Brand Globalness and Local Iconness. *Journal of International Marketing*, 20(2), 72–95.  
<http://www.jstor.org/stable/23268747>
- [8] Perez-Aleman, P. (2012). Global standards and local knowledge building: Upgrading small producers in developing countries. *Proceedings of the National Academy of Sciences of the United States of America*, 109(31), 12344–12349.  
<http://www.jstor.org/stable/41685401>
- [9] Rundall, P. (1993). Nestlé's Marketing Policy. *BMJ: British Medical Journal*, 307(6906), 734–735.  
<http://www.jstor.org/stable/29721098>
- [10] Serra, P. (2012). Global Businesses “from Below”: Ethnic Entrepreneurs in Metropolitan Areas. *Urbaniziv*, 23, S97–S106. <http://www.jstor.org/stable/24920844>
- [11] Zhang, Y., Khare, A., & John Deighton served as editor and Jennifer Aaker served as associate editor for this article. (2009). The Impact of Accessible Identities on the Evaluation of Global versus Local Products. *Journal of Consumer Research*, 36(3), 524–537.  
<https://doi.org/10.1086/598794>