



# Globalization and A/E/C Marketing

By Jennifer Van Vleet, CPSM

According to Merriam-Webster, globalization is defined as “the act or process of globalizing: the state of being globalized; especially: the development of an increasingly integrated global economy marked especially by free trade, free flow of capital, and the tapping of cheaper foreign labor markets.”



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Though this definition has an economic slant, it's relative to other identified types of globalization. Social, technological, financial, economic, political, cultural, ecological, and sociological globalization are some of the more commonly studied.

In short, globalization is the increasing interconnectedness of our world that has been happening for many years (starting with modern spice routes back in the 7th century) but has been rapidly accelerating over the last 50 years.<sup>1</sup>

Yet, recently, with the global pandemic, there has been discussion about a return to isolationism. So, what do we, as marketing professionals, need to understand about globalization and how it affects our firms and the businesses we're building? Let's look at a few of the types of globalization that affect the A/E/C industries.

## Cultural

This type of globalization typically refers to the mixing of cultures, sometimes discussed in terms of cultural diffusion or homogenization, where more developed or dominant cultures can potentially dilute local and indigenous cultures. We commonly hear the term Westernization or Westernizing of the world. Cultural globalization overlays into A/E/C marketing in a few ways.

Sarah Wortman, CPSM, director of business development at GGLO Design in Seattle, WA, says, "We need to understand and respect regional differences in how we design and draft our communications tools. Appropriate formal versus informal modes of address can affect how we write proposal text or cover letters. There are also substantial regional variations in how and when one gets paid for services. She notes that we need to be well informed when engaging in global commerce, rather than "expecting that the way we do things is the way everyone does them."

Taking it a step further, Henry Charrabé, CEO of Seven Seas Water Group, headquartered in Tampa, FL, denotes the cultural imperative of listening and good dialogue when we approach our work. He explains, "As with all aspects related to interacting with other individuals, being socially aware and able to relate to others is crucial, particularly in an interconnected world. This means that listening is always more important than speaking."

Charrabé explains that we must also understand that different cultures, backgrounds, or even regions within a country have a distinctive approach to



Renaissance Life & Health Insurance Company of America, Indianapolis, IN. Axis Architecture + Interiors. ©Susan Fleck Photography, fleckphoto.com.

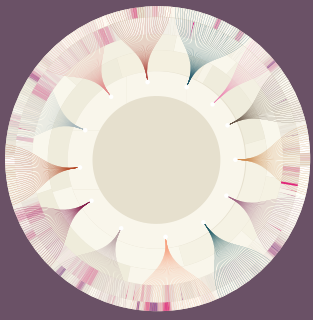
challenging situations. He adds, "I believe diversity is strength and there's often not just one way to resolve an issue—however, certain values and rules of engagement should not be compromised for the sake of allowing an issue to be examined from any random perspective." Thinking through how our firms approach dialogues and meetings with our clients is critical to our success.

Hope Wilson, industry consultant, elaborates that culture needs to be considered in our business communications plans and further into a firm's diversity, equity, and inclusion (DEI) practices. DEI, in part, has been a direct outcome of cultural globalization, and firms are being asked to present efforts regarding DEI in bids and proposal responses. "The concept of cross-cultural communications has been around for a long time now. A significant change that I have seen over time in my own work, is that my plans look more like 'multicultural communications webs' than they did 20 years ago. There are more variables that I take into account, more small threads that can help to strengthen the connections among various stakeholders."



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**—Sarah Wortman, CPSM**



## Additional Globalization Types

**Political.** This relates to diplomatic negotiations and interactions between countries, typically involving rules around trade, criminality, and rule of law. Organizations like the United Nations, European Union, and others facilitate these interactions and multilateral agreements.

**Social.** Known as the integration of our societies, this type of globalization is not to be confused with cultural. It's about how we now live in a shared society. Many cultures can exist in a society, which is a group of people who all live together. An example would be the COVID-19 pandemic spreading across the globe.

**Ecological.** The world is one interconnected ecosystem. Things like a hole in the ozone affect the entirety of the globe. Agreements like the Paris Climate Agreement and the Kyoto Protocol are designed to facilitate cooperation on environmental issues.

**Geographical.** This concept expresses that the world is no longer comprised of distinct nations, but rather multinational blocks, meaning nations must work together to tackle problems. Familial and heritage ownership of an area diminishes under this globalization.

Wilson adds that from a DEI perspective, "A firm's organizational culture is a key indicator of their cross-cultural competence and capability. When engaging with clients, an organization's true values and adeptness in working across cultures will be revealed. As a result, it's critical to address DEI internally, not just gloss over problems with diverse stock photos or a rainbow version of the logo."

As marketing professionals, our ways of working are being impacted by cultural globalization, including how we help facilitate business meetings, direct proposal responses, and consider our communications.

### Technological

This type of globalization is easy to understand. Simply put, it's the spread of technology across the world, from renewable technologies and medical advancements, to day-to-day tools like the internet, cell phones, and computers.

As it pertains to the A/E/C industries, business technology to help visualize projects, buildings, and environments, alongside programs that help automate and calculate design variables, have helped level playing fields amongst firms. Technology has maintained firms' abilities to work and communicate during the coronavirus pandemic. "Being able to connect seamlessly with people, markets, suppliers, etc., is the backbone to allow for globalization and for businesses to function efficiently across time zones and distances," notes Charrabé.

Technology has changed how we market and broadened the competitor landscape for many firms. It has been a long time since competition was only focused on who was in the neighborhood. While relationships are still king during competition, technology has opened the door for firms on the other side of the world to come in and compete with ideas and designs. It has also allowed those firms ways to creatively develop relationships from afar.

The A/E/C marketplace has also seen the impacts of technology with the 4th Industrial Revolution (4IR).<sup>2</sup> This fourth

era of revolution is centered on the combination of hardware (the physical), software (the digital), and biology to advance communications and connectivity.

Those firms in the industrial and manufacturing/process markets, especially, are no strangers to this concept. 4IR is driving all sorts of innovations including artificial intelligence (AI), which is seeping into our work across disciplines. Wilson shares, "At present, 4IR is revolutionizing global structures. These changes are occurring at a scope and velocity we've never experienced before. A/E/C firms have ample opportunities to innovate, to catalyze inclusive growth at both corporate and societal levels." She explains that the greatest risk to humanity's successful evolution during this period lies in our ethics, stating, "It has never been more important to leverage the intellectual capital of diverse perspectives."

### Financial

The ease at which money proliferates across the globe is financial globalization. Stock exchanges, financial markets, and foreign direct investments are examples. Think of world stock exchanges like New York, Toronto, and Tokyo, and access to capitalization for start-ups and projects alongside investment institutions like the World Bank, African Development Bank, European Commission, and others.

As marketers, we've seen the need to really define the value our firms bring for the prices we offer. We've had to demonstrate to clients specifically what their dollars get them in a market of severe competition and pricing. Outsourcing and offshoring to less expensive labor markets are common, as design centers in places like India and China are the norm in some larger A/E/C firms. Certainly, technological globalization has affected the financial markets as well, such that firms find playing fields leveled by technology and the models of charging per hour have had to be reexamined.

Wortman notes that the supply chain always bears watching, even if your firm isn't operating globally. The cost of goods like lumber and steel, or access to things like construction cranes, can add





TWG Development, Indianapolis, IN. Axis Architecture + Interiors. ©Susan Fleck Photography, fleckphoto.com.

#### 📷 Story Behind the Picture

TWG Development purchased the old Ford Assembly Plant and turned it into their headquarters and a multifamily dwelling complex. The plant opened in 1915 and assembled more than 581,000 vehicles through 1932, including the famous Model T. By 1918, half of all the cars in the U.S. were the Model T. Axis Architecture reused as many of the original building elements as possible, including train tracks in the lobby that went through the building. Yellow lines painted on the floor of the assembly line were included in the renovated building.

significant costs/delays to a project. She explains, “Global immigration policies affect access to the best and brightest talent. As recently as five or six years ago, I recall construction materials costs changing so fast that the realistic budget used to bid a project was outdated before the project was even designed, making every project subject to higher-than-average levels of value engineering in the design phase.”

## But What About the Pandemic?

As the world has grappled with the effects of the spread of COVID-19, businesses have reexamined their practices and supply chains. Charrabé notes, “Unfortunately, the pandemic has caused people to be more isolationist and increased the risk of doing business across borders and cultures.” He goes on to explain that these risks and costs include, but are not limited to, the spread of COVID-19 and its mutations, local testing and vaccination requirements, and the perception of mistrust of others and other cultures/behaviors (thinking they are not doing as good of a job as we do). “Therefore,” he says, “at least for the short-term and immediate future, many will prefer to focus on local markets, rather than pushing for international growth, resulting in a potential reduction of globalization.”

Further, Charrabé states, “I believe that the short-term reduction of globalization will also cause a lot more merger and acquisition (M&A) activity in local markets, thereby driving up valuations of companies. The combination of less organic growth (no real revenue increase in 2019/2020), low interest rates, and reduced travel/international business focus, are the perfect storm for company valuations to continue to grow to (unrealistic) heights.”

While we may see increased activity in M&A, globalization and its considerations are here to stay. Wortman adds, “Pivoting away from globalization, given the momentum over the past 20 to 30 years, seems like a big boat to turn around. I suspect what we’re seeing during the pandemic is a hiccup that will affect us for a few more years. I would imagine that switching back to local manufacturing, farming, etc., on a national or global scale could take a very long time. If done the right way, with respect for the environment and the workforce, it could have long term advantages and come with significant short-term costs.”

While globalization may be in a short-term retraction, it will not disappear. We’re far too integrated as a globe. Firms must consider the implications of globalization in their operations, even if the business is not actively practicing overseas. This is what globalization is. ■

## RESOURCES

<sup>1</sup> “A brief history of globalization,” Peter Vanham, January 17, 2019, World Economic Forum. [weforum.org/agenda/2019/01/how-globalization-4-0-fits-into-the-history-of-globalization](https://www.weforum.org/agenda/2019/01/how-globalization-4-0-fits-into-the-history-of-globalization)

<sup>2</sup> “The Fourth Industrial Revolution: what it means, how to respond,” Klaus Schwab, January 14, 2016, World Economic Forum. [weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond](https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond)



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