

International MARKETING

An Asia-Pacific Perspective



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Chapter 4

Catering for the social
and cultural
environment of
international marketing

Learning objectives

1. Explain the impact of culture on international marketing.
2. Apply key cultural concepts when evaluating international marketing situations.
3. Evaluate the ways in which cultural differences impede international communication.
4. Undertake cross-cultural analysis and comparison.
5. Recognise the need for cultural sensitivity

Introduction

- Globalisation will not necessarily result in a common culture worldwide.
 - Culture often transcends national boundaries. (See next slide)
 - Nations and subcultures within nations differ from each other on various cultural dimensions.



- Knowledge of the culture is essential for effective decision making in international marketing.
- Concept of culture is undergoing fundamental change.
- Sophisticated communications technology is altering traditional notions of culture.

TABLE 4.1 Markets where the Islamic population is a minority group (ranked by Muslim GDP at purchasing price parity)

Rank	Country	Total population	Muslim population (%)	Muslim population	Muslim GDP US\$ (PPP) (billion)	GDP per capita US\$ (PPP)
1	USA	303 824 640	3.5	10 633 862	487.0	45 800
2	India	1 147 995 904	13.4	153 831 451	415.3	2 700
3	Russia	140 702 096	10.5	14 633 017	215.1	14 700
4	China	1 330 044 544	3.0	39 901 336	211.5	5 300
5	France	64 057 792	7.5	4 804 334	159.5	33 200
6	Germany	82 369 552	3.7	3 047 673	104.2	34 200
7	Thailand	58 851 357	14.0	8 239 190	65.0	7 900
8	UK	60 943 912	2.7	1 645 485	57.75	35 100
9	Japan	125 449 703	1.0	1 254 497	42.1	33 600
10	Italy	57 460 274	2.4	1 379 047	41.92	30 400
11	Philippines	74 480 848	14.0	10 427 319	35.4	3 400
12	Netherlands	15 568 034	5.4	840 674	32.4	38 500
13	Singapore	3 396 121	17.0	577 477	28.7	49 700
14	Canada	33 212 696	1.9	631 041	24.2	38 400
15	Israel	5 421 995	14.0	759 079	19.58	25 800
16	Spain	40 491 052	1.5	607 365	18.3	30 100
17	Angola	10 366 031	25.0	2 591 508	14.5	5 600
18	Austria	8 205 533	4.5	369 248	14.2	38 400
19	Kenya	28 176 686	29.5	8 312 122	14.13	1 700
20	Belgium	10 258 762	3.6	369 315	13.0	35 300
21	Poland	38 633 912	2.0	772 678	12.6	16 300
22	Hungary	10 106 017	6.0	606 361	11.5	19 000
23	Australia	21 007 310	1.5	315 109	11.4	36 300

SOURCE: Adapted from Hunter, M. (2012) 'The Emerging Halal Cosmetic and Personal Care Market', *Personal Care*, March, Table 2, p. 38.

What is culture?

- Culture is dynamic so international marketers must map its changes and trends
- No single accepted definition of culture but a number of broad dimensions:
 - Prescriptive: Forms of behaviour that are seen as acceptable in that specific community
 - Learned: we are not born with it.
 - Dynamic: It changes.
 - Subjective: We don't all have the same opinion of what it is. (Australia)
 - We are influenced by it and we influence it.
 - Shared indicative definitions of culture:
 - 'Culture is the total way of life in a society' (Fletcher, 1979)
 - Culture is the collective programming of the mind (Hofstede, 1980)

Way of LIFE! Insight into this way of life (not always historic)
What can we understand about culture and differences in culture?
As marketers gives us insight for our customers today.

Hofstede's dimensions of cultural differences

- Measuring culture on a global basis
 - Hofstede (1980) and Hofstede and Bond (1988)-2010

Five underlying dimensions to measure cultural differences across countries:

1. Power distance

- The degree to which inequality is accepted (**Australia-Low**)

2. Uncertainty avoidance

- Degree to which people feel threatened by uncertain or unknown situations: High: places premium on job security, career patterns, rules, trust-**Japan**, Low: greater willingness to accept risks and less emotional resistance to change- **Singapore**

3. Individualism/Collectivism

- The extent to which people in a culture look after their own interests and those of their immediate family: Individualism: ties are loose, achievements valued (**United States**)
, Collectivism: groups, ties are tight, people born into collectives (**Japan**)

Hofstede's dimensions of cultural differences

4. Masculine and feminine

- Relationship between gender and work roles, Masculine cultures: strong-minded, individualistic, assertive, (Italy, Austria-Japan), Feminine cultures: modest, relational, concerned with quality of life (Sweden)

5. Long-term versus short-term orientation

- Long-term: thrift, perseverance, trust, (Hong Kong) Short-term: chase immediate returns, competitive, opportunism, price focus (Spain)

6. Indulgence versus restraint (added 2010)

- Whether society allows or restricts gratification of human drives: Indulgent—free gratification to enjoy life and have fun(New Zealand, South Africa, Australia), Restrained—gratification regulated and suppressed (Egypt, Pakistan)

Hofstede's cultural dimensions and internet adoption

- Low uncertainty avoidance cultures more open to innovations
 - Early adopters with high diffusion and greater trust in e-commerce
- Low-power distance cultures
 - Internet allows information access regardless of status
- Individualist cultures more open as internet encourages diversity and different viewpoints
- High long-term orientation cultures adopt faster as they experience long-term benefits
- Internet more compatible with feminine cultures where interdependence, interrelationships and caring for others valued
- Ethnic portals if market large enough and culturally influenced preferences taken into account

Trompenaars' dimensions of cultural differences

1. Universalism versus particularism

- Universalist: believe what is good and right can be applied everywhere
- Particularist: obligations imposed by relationships are more important

2. Individualism versus communitarianism: similar to Hofstede's individualism/ collectivism

3. Neutral versus affective

- In affective cultures expressions of emotion are regarded as being natural.
- In neutral cultures expression of emotion is repressed.

4. Specific versus diffuse

- In specific cultures people get straight to the point.
- Diffuse cultures discuss business after a relationship has been established.

5. Achievement versus ascription

- In the achievement culture status derives from your own achievements.
- In the ascription culture your status is based on age, gender, kinship, education, connections, and so on.

TABLE 4.4 Clustering of countries on the basis of cultural similarities

Cluster	Hofstede dimensions					Trompenaars dimensions				
	Power distance	Uncertainty avoidance	Individualism/collectivism	Masculinity/femininity	Long term/short term	Universalism/particularism	Individualism/communitarianism	Neutral/affective	Diffuse/specific	Achievement/ascription
Near Eastern										
Turkey	66	85	37	45						
Iran	59	59	41	43						
Greece	60	112	35	57		61	46	38	67	79
Nordic										
Sweden	31	29	71	5	33	92	60	46	91	87
Denmark	18	23	74	16	46		67	34	89	92
Norway	31	50	69	8	44		54	39	80	94
Finland	33	59	63	26	41		64		89	89
Germanic										
Austria	11	70	55	79	31			59	65	51
Germany	35	65	67	66	31	87	53	35	83	74
Switzerland	34	58	68	70	40	97	66	32	90	73
Anglo										
South Africa	49	49	65	63						
UK	35	35	89	66	25	91	61	45	88	89
Australia	36	51	90	61	31	91	63	48	78	86
New Zealand	22	49	79	58	30			69	70	86
Ireland	28	35	70	68	43	92	50	29	84	94
Canada	39	48	80	52	23	93	71	49	87	87
USA	40	46	91	62	29	93	69	43	82	87
Latin European										
Portugal	63	104	27	31	30		44	47	73	86
Spain	57	86	51	42	19	75	63	19	71	82
Italy	50	75	76	70	34		52	33		80
Belgium	65	94	75	54	38		57	41	83	72
France	68	86	71	43	39	73	41	30	88	83

Latin American										
Colombia	67	80	13	64						
Peru	64	87	16	42						
Mexico	81	82	30	69			64	32	41	70
Chile	63	86	23	28						
Venezuela	81	76	12	73			32	53	20	52
Argentina	49	86	46	56			69		28	69
Far Eastern										
Thailand	64	64	20	34	56				38	69
Taiwan	58	69	17	45	87					
Indonesia	78	48	14	46			57	44	55	58
Singapore	74	8	20	48	48		69	42	48	58
Vietnam	70	30	20	40	80					
Philippines	94	44	32	64	19		40		23	78
Malaysia	104	36	26	50				45	30	72
Hong Kong	68	29	25	57	96				64	73
Arab	80	68	38	53						
Oman									19	78
Kuwait									15	47
UAE									48	76
Bahrain									24	63
Independent										
Brazil	69	76	38	49	65		79	40	40	77
Japan	54	92	46	95	80		68	39	74	71
India	77	40	48	56	61		54	37	51	66
Israel	13	81	54	47				89	38	75

SOURCES: This table is based on research into clusters of countries by Ronen and Shenkar (1985) and illustrated by scores on cultural variables in countries in this clustering by Hofstede (2001) and Trompenaars and Hampden-Turner (1997).

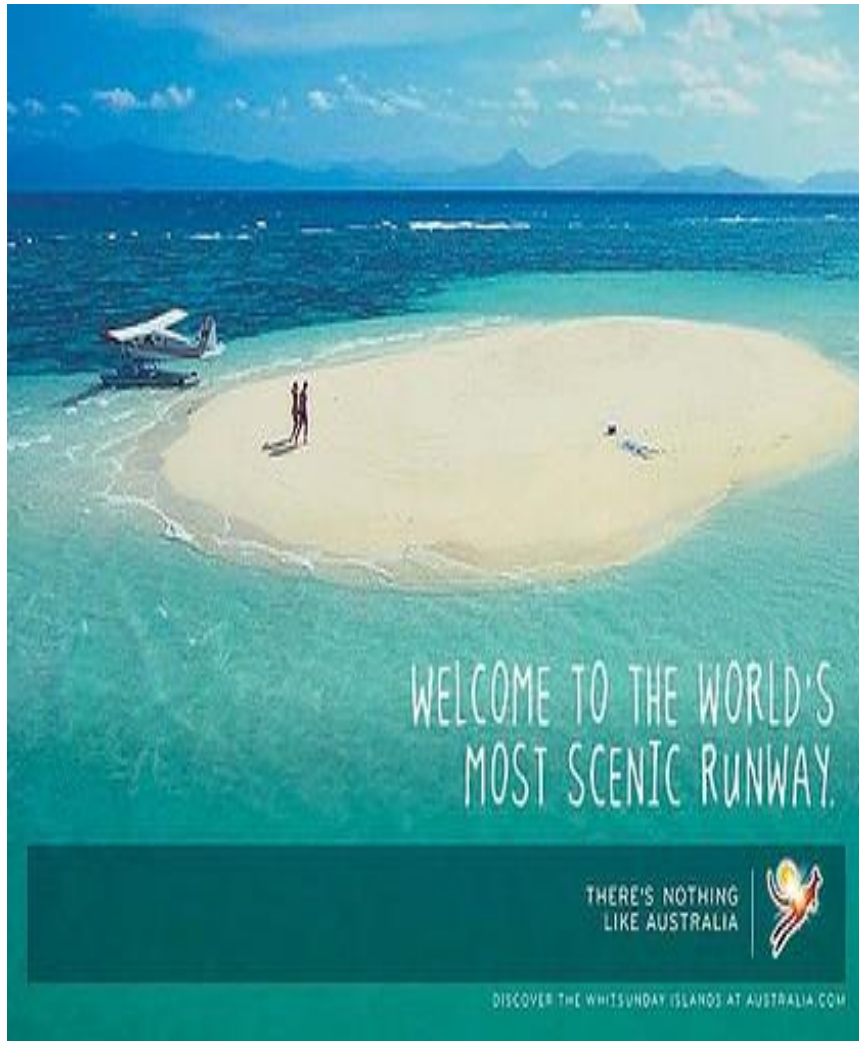
Culture as a collective fingerprint

- International marketers need to treat culture as a mark of identity not an indicator of superiority.
- Some elements are resistant to change.
- Elements of culture impact differently on different aspects of the marketing program.









Impact of Culture on International Marketing

- Conditions **needs and wants** of potential buyers
 - **Marketing is satisfying those needs and wants**
- Impacts on the way messages are received and interpreted
 - **Perceptions: perception is reality**
- Pervades all elements of the marketing mix
 - **Product, price, place and promotion-marketing activities**



Elements of culture

- To understand customers you need to understand their **cultural heritage, which has developed over time.**
- **Expressions** of culture cut across what are considered to be appropriate practices in any given country.
- Need to study the elements of culture
 - **Material culture:** technology and economics
 - **Social institutions:** concerned with the way people relate to each other
 - **Relations with the universe:** religion, superstition and impact on value systems
 - **Aesthetics:** activities and art forms
 - **Languages** differ in the way they convey meanings.

Material culture:

- Technology and economics
 - Eg Japan and refrigerators –production of materials
 - Aust: open outdoors/surf/sport /parks environment



Social institutions:

- Concerned with the way people relate to each other
 - Family, education, political and social organisations
 - Australia: sporting clubs
 - This effects business model development eg Faith in culture



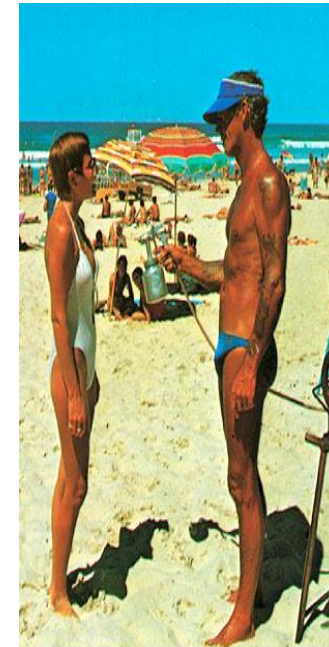
Relations with the universe:

- Symbolic or sacred elements.
 - Religion, superstition and impact on value systems.
- The link between the material and metaphysical.
 - 61% of Australians say they are Christian.
 - Only 15% attend church once a month.



Aesthetics:

- Activities and art forms
 - Music-India-Entertainment
 - Australia: the tan? What is beautiful?
 - How are we influenced by global aesthetics



Languages

- Differ in the way they convey meanings.
 - Speak, write and read the language-links to meaning.



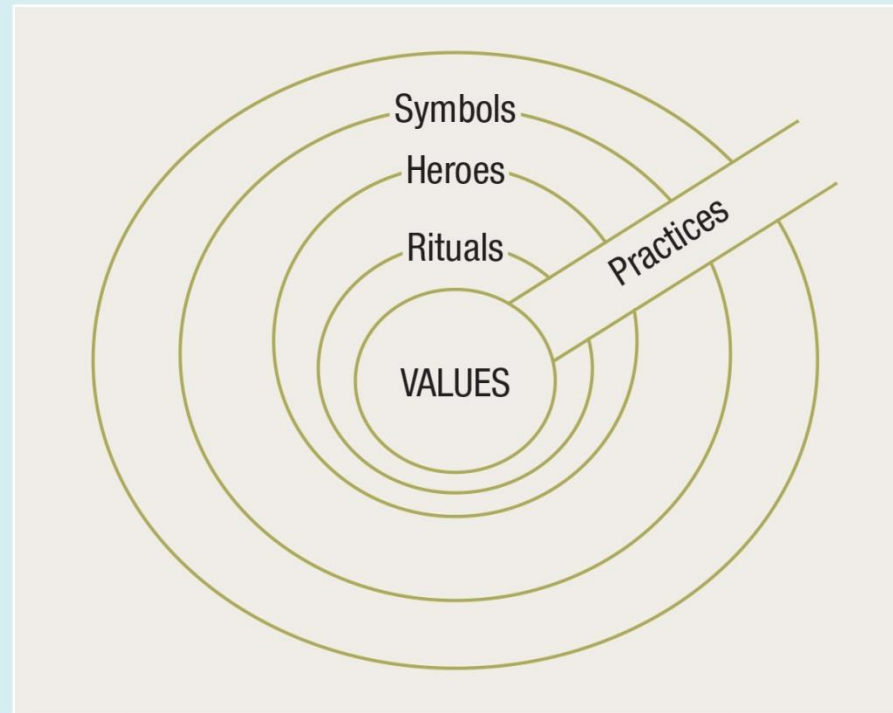
Break time

- 10 minutes...please feel free to use your phone



Expressions of culture (more tangible for marketers)

FIGURE 4.2 The 'onion diagram': manifestations of culture at different levels of depth



SOURCE: Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, 2nd edn, Thousand Oaks, CA, Sage Publications. 2001, ISBN 0-8039-7323-3 © Geert Hofstede, B.V. quoted with permission.

Values are the CORE element of culture, regardless of the foreign market operating in or being entered. how culture can manifest itself. Values embody contrasts such as **good versus evil and ugly versus beautiful**

Expressions of culture (cont'd)

- Symbols, heroes & rituals are practices, as they result in people behaving in certain ways.
- Symbols: Words, gestures, objects that are recognisable and have specific meanings
 - G'day mate!, Bon Appétit, Itadakimasu
- Heroes: People who possess the qualities highly prized in that culture



- Rituals: Collective activities that are an essential element of social activities



The impact of culture on international marketing

- Culture pervades all elements of the marketing mix. international marketers must consider:
 - Knowledge
 - **Factual or interpretive** Factual: Eg Malaysia versus Indonesia- Government involvement, Interpretative: Based on experiences (feelings-gut). Can be erroneous.
 - **Sensitivity**
 - View cultural nuances objectively: Being aware of nuances – no culture is bad just different, Let go of embedded assumptions
 - **Collectivism**
 - Role in decision making within the purchase decision
 - **Social conventions**
 - Reflection of culture: Eg eating social occasions as opposed to a functional perspective, Christmas- Ramadan
 - **Cognitive styles, Loyalty, involvement, risk (following weeks)**

Different layers of culture (Hofstede?)

FIGURE 4.3 The different layers of culture

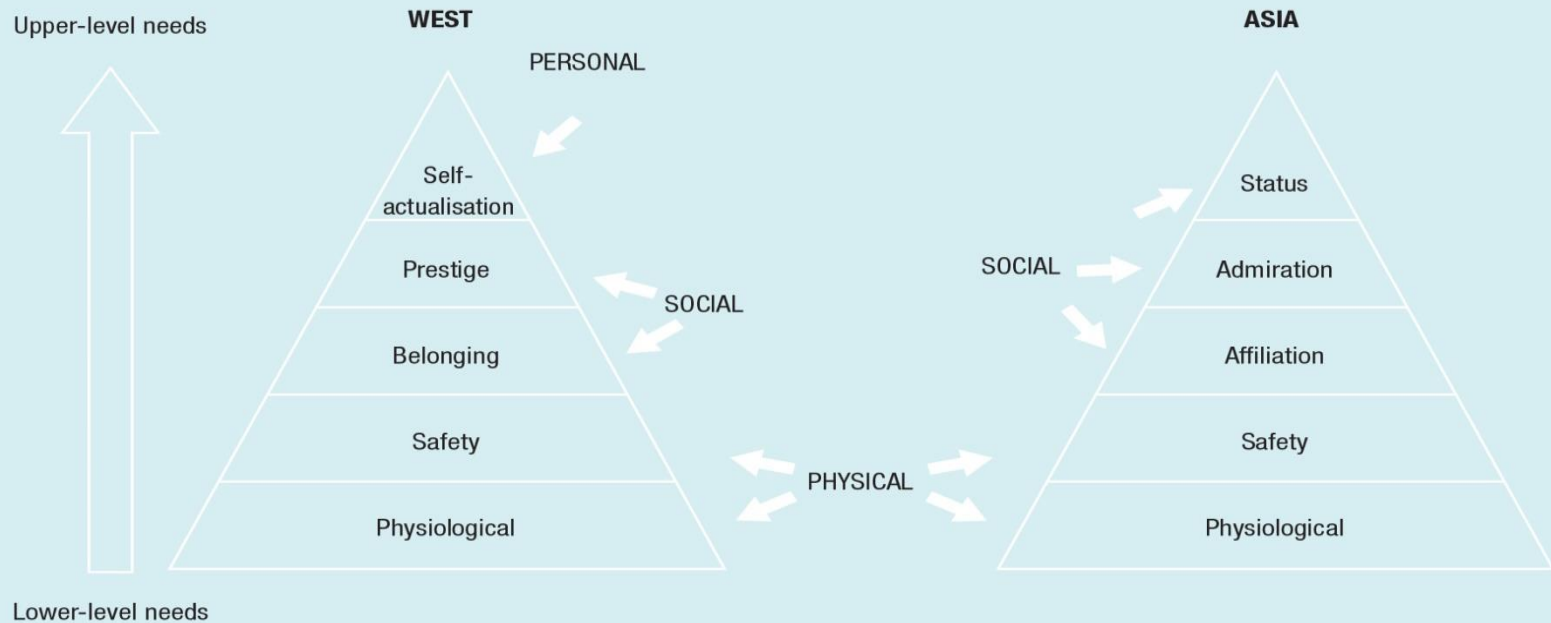


SOURCE: Reprinted by permission from Macmillan Publishers Ltd: Leung et al. (2005) 'Culture and International Business: Recent Advances and Their Implications for Future Research', *Journal of International Business Studies*, vol. 36, copyright 2006, published by Palgrave Macmillan.

Cultural concepts and cultural differences

- Maslow's hierarchy of needs: impacts on how consumers respond to cultural stimuli

FIGURE 4.4 Hierarchy of needs between different cultural groups



SOURCE: Schutte, H. and Ciarlante, D. (1998) *Consumer Behaviour in Asia*, Macmillan, London, p. 93. Reproduced with permission of Palgrave Macmillan.

- **Self-reference criterion: develop awareness**
- Psychic distance: factors that differentiate the foreign market from the home market**

TABLE 4.3 Index of psychic distance ratings of countries from Australia

Country	Index	Country	Index	Country	Index
USA	0.1	Sweden	8.8	Mexico	17.6
Great Britain	0.6	Argentina	9.2	Greece	18.0
Canada	0.6	Iran	9.3	Indonesia	18.3
New Zealand	0.7	India	9.7	Singapore	19.3
Switzerland	1.5	Kenya	12.2	South Korea	20.3
Germany	1.7	Zimbabwe	12.2	Taiwan	20.4
Ireland	1.7	Tanzania	12.2	Hong Kong	20.5
South Africa	2.0	Rwanda	12.2	Chile	20.7
Italy	2.2	Brazil	12.3	Portugal	21.9
Finland	4.7	Turkey	13.6	Yugoslavia	21.9
Netherlands	5.5	Japan	15.2	Peru	23.3
Belgium	6.1	Philippines	15.7	Colombia	23.5
France	6.1	Russia	16.0	Malaysia	23.6
Austria	6.3	Nigeria	16.3	Costa Rica	25.0
Israel	7.1	Ghana	16.3	Venezuela	26.2
Denmark	7.3	Uruguay	16.4	Ecuador	27.4
Norway	7.4	Thailand	16.5	China	29.2
Spain	8.6	Pakistan	17.3	Panama	31.4

NOTE: A high index number for a country indicates that the country is further away from Australia in terms of psychic distance. It also indicates that the higher the index number of a country with which a firm does business, the less the extent to which psychic distance is perceived by that firm as a barrier to undertaking international business.

SOURCE: Fletcher, R. and Bohn, J. (1998) 'The Impact of Psychic Distance on the Internationalisation of the Australian Firm', *Journal of Global Marketing*, vol. 12, no. 2, pp. 56–7.

Key cultural differences

- Time: **assumptions about time** vary across cultures.
 - <http://www.youtube.com/watch?v=o1bICOV3Lug>
- Space: can be **both physical and abstract**
- Language: **precision versus ambiguity**
- Familiarity: **friendship patterns**
- **Consumption patterns**: material possessions and dress
- Gender: different cultures have different **attitudes to women**
- **Business customs**: vary, for example, in some cultures bribery is acceptable

Culture and communication

- While there are many stories of problems caused by bad translations of verbal communications in international marketing, international marketers need to also be aware of different meanings of non-verbal communication and gestures.



Verbal communication

- International marketers need to realise the **inherent subtleties** that exist in **verbal communication** even in markets that use similar languages.
- Verbal communication also differs in terms of the relative importance of:
 - **Who** communicates the message and to whom
 - **What** message is communicated
 - **How** the message is communicated
 - **Where** the message is communicated
 - **When** the message is communicated
 - **Why** the message is communicated

Non-verbal communication

- Non-verbal signals can supplement verbal signals to yield a more accurate picture for international marketers.
- In negotiations, different cultures place different emphasis on non-verbal behaviours and their acceptability.
- Morris (1978) developed a scale of non-verbal signals:
 - Body stress signals
 - Lower body signals
 - Body posture signals
 - Random gestures
 - Facial expressions



Low- and high-context cultures

- The relative importance of verbal and non-verbal communication varies in low- and high-context cultures.



High- versus low-context cultures

TABLE 4.2 Impact of context on cultural dimensions

Factors and dimensions	High context	Low context
Lawyers	Less important	Very important
A person's word	Is his or her bond	Is not to be relied upon; 'get it in writing'
Responsibility for organisational error	Taken by highest level	Pushed to lowest level
Space	People breathe on each other	People maintain a bubble of private space and resent intrusions
Time	Polychronic: everything in life must be dealt with in terms of its own time	Monochronic: time is money; linear: one thing at a time
Negotiations	Lengthy: a major purpose is to allow the parties to get to know each other	Proceed quickly
Competitive bidding	Infrequent	Common
Country and regional examples	Japan, Middle East	United States, Northern Europe

SOURCE: Keegan, W.J. and Green M.S. (2008) *Global Marketing*, 5th edn, © 2008. Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, NJ.

Cultural adaptation and communication

- Adaptation involves **affirmative acceptance rather than just tolerance** for a different culture.
- International marketers need to become **aware of local customs** and be willing to accommodate those differences.
- Categories of business customs:
 - **Imperatives:** must be accommodated and conformed to for relationships to be successful
 - **Options:** enhance chances of successful outcomes
 - **Exclusives:** customs in which an outsider may not participate

Cultural adaptation and communication

- Cateora and Graham (2005) list the following 10 basic criteria for adaptation:
 1. Open tolerance
 2. Flexibility
 3. Humility
 4. Justice/fairness
 5. Adjustability to varying tempos
 6. Curiosity/interest
 7. Knowledge of the country
 8. Liking for others
 9. Ability to command respect
 10. Ability to integrate into the environment

Etic versus emic approach

- Two key approaches:
 - **Etic approach:** based on the notion that underlying cultural differences between nations are a set of variables that can be applied uniformly and that cover all dimensions of difference
 - **Emic approach:** values and differences are culturally specific and not able to be reduced to common dimensions

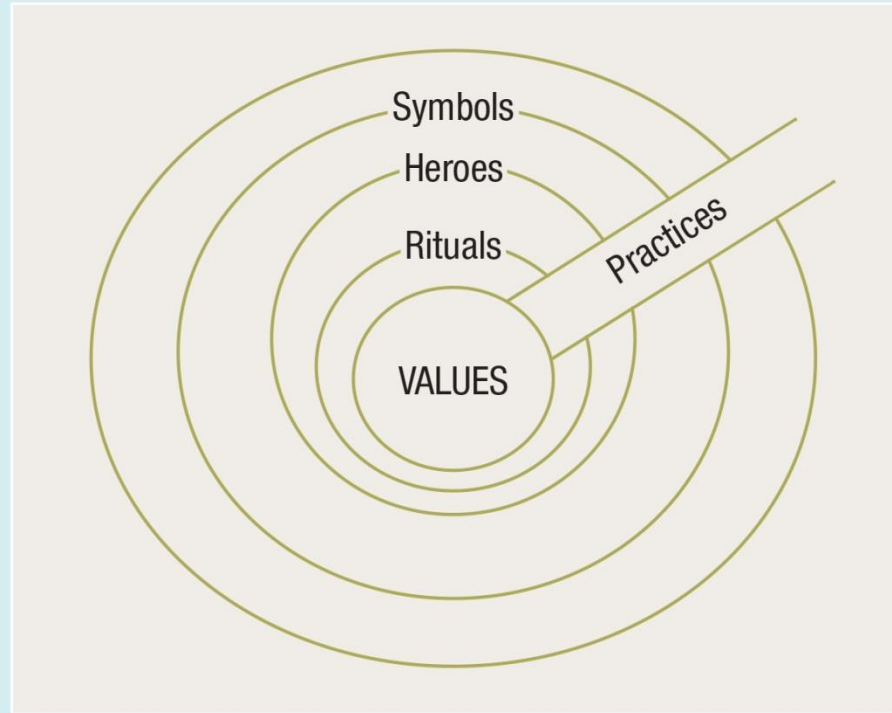
Example: China

- Chinese emic values
 - *Guanxi* (relationships)
 - *Mianzi* (prestige, face)
 - *Renqing* (favour)
 - *Bao* (reciprocity)

Expressions of culture

(how culture can manifest itself)

FIGURE 4.2 The 'onion diagram': manifestations of culture at different levels of depth



SOURCE: Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, 2nd edn, Thousand Oaks, CA, Sage Publications. 2001, ISBN 0-8039-7323-3 © Geert Hofstede, B.V. quoted with permission.

Values embody contrasts such as ugly versus beautiful.
A very common understanding in marketing

What is beautiful? (Video)

Materialism

Admiration

Individual value, but group culture

Affiliation

Psychology

Status

Wealth-economic development

Pop culture-symbol



Summary

- Despite increased international trade and communication, culture remains diverse.
- Successful international marketers understand the cultural context and cultural norms of their markets.
- Unit: Intercultural Communication and Negotiation Skills MGB225 (extra)
- Section 2 assignment 1, also links to assignment 2.

AMB336 International Marketing

Assignment One

Criteria Sheet – Case Study

Name & Student no. _____ Tutorial no. _____ Word count _____

Grade	7	6	5	4	Fail
Mark	15-12.75	12.74-11.25	11.24-9.75	9.74-7.5	7.49-0
Analysis					
Understanding environmental and ethical issues and underpinning ethical concepts in relation to the context /15	A clear understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by high-level literature research.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	A failure to mention some issues
Demonstrates knowledge of relevant social/ cultural and consumer behaviour considerations /15	Analysis is logical. A sequenced identification of key issues are justified by solid persuasive argument & related to the consumer and country context. Analysis related to international ethics takes into account not just a singular viewpoint of an argument . Argument is well support by a quality international marketing related ethics theoretical platform	Analysis is logical whereby a sequenced identification of key issues are justified by solid argument & related to consumer and country context. Analysis takes into account not just a singular viewpoint. Argument is well support by international marketing related ethics literature	Analysis is logical whereby key issues are justified & related to consumer and country context. Analysis takes into account just a singular viewpoint . Argument is well support international marketing related ethics literature	Analysis is logical whereby key issues are highlighted & related to consumer and country context.	Fails to analyse logically. Key issues are not justified & not related to consumer and country context.
Evaluation					
Mark	20-17	16.9-15	14.9-13	12.9-10	9.9-0
Ability to recommend and justify international marketing action in the given case /20	Well thought out evaluation of solution . Solution is based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution is limited and or
/50	Student capabilities: Have a Social and Ethical Understanding (SEU): 5.1 Apply ethical reasoning, standards or codes of practice relevant to the discipline and make decisions that are informed by social and cultural understanding				
Grade:	7= 50 to 42.5	6= 42.4 to 37.5	5= 37.4 to 32.5	4= 32.4 to 25	Fail= 24.9 to 0

Environmental analysis –Ethical comprehension and application. Solid understanding of the pertinent issues in relation to ethics and the environment. (L1 &2) **Tutorial 1, 2-3**

Understanding of the core cultural, consumer behaviour social elements of the international marketing context. Related to the product, brand and company as well as country context. (L3 &4) **Tutorial 1, 2, 4**

International Marketing promotions application and justification –linked to previous section so as to support earlier discussions (L5) **Tutorial 1, 2 4**

End Chapter