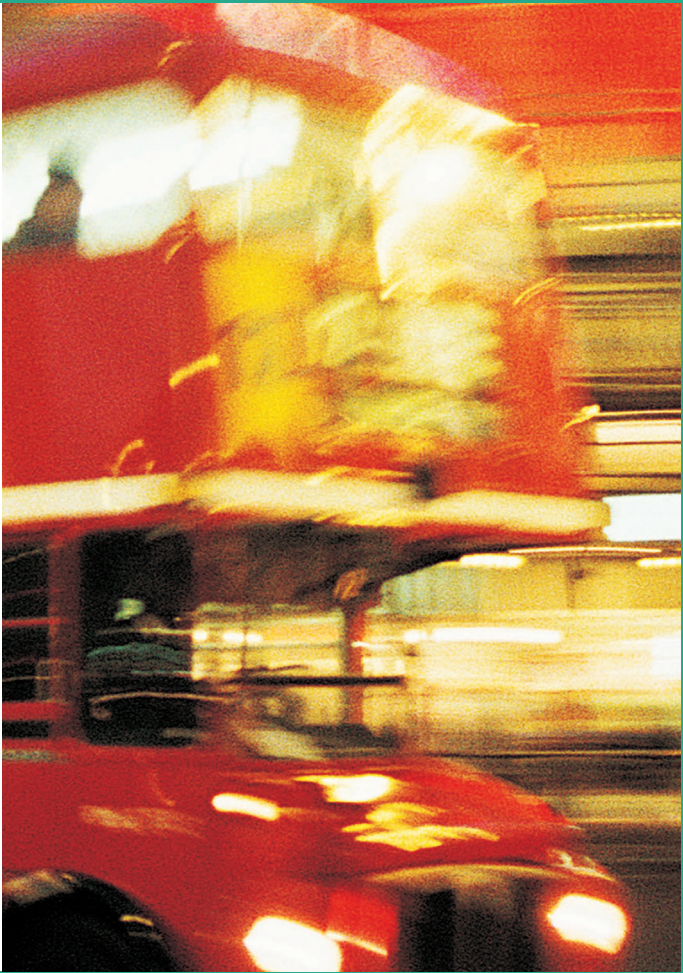


# chapter 4

## Cultural Dynamics in International Marketing



### Chapter Outline

- Cultural Knowledge
- Culture and its Elements
- Cultural Change
- Planned Cultural Change
- Consequences of an Innovation

- Summary
- Questions
- Further reading
- References

## section 2 the impact of culture



### Chapter Learning Objectives

#### What you should learn from Chapter 4

- How important is the culture to an international marketer and how one can handle cultural differences
- The effects of the self-reference criterion (SRC) on marketing objectives
- What are the elements of culture and how are these related to international marketing
- What is meant by cultural sensitivity and how to handle it
- Can cultural borrowings influence consumer behaviour and attitudes
- How the strategy of planned cultural change works and its consequences

### key term

#### economic needs

things that are required such as minimum food, drink, shelter and clothing

#### economic wants

arise from desire for satisfaction and, due to their nonessential quality, they are limitless

#### culture

a set of values and norms followed by a group of people; human-made part of the human environment – the sum total of knowledge, beliefs, art, morals, laws, customs and any other capabilities and habits acquired by humans as members of

Humans are born creatures of need; as they mature, want is added to need. **Economic needs** are spontaneous and, in their crudest sense, limited. Humans, like all living things, need a minimum of nourishment and, like a few other living things they need shelter. Unlike any other being, they also need essential clothing. **Economic wants**, however, are for non-essentials and, hence, are limitless. Unlike basic needs, wants are not spontaneous and not characteristic of the lower animals. They arise not from an inner desire for preservation of self or species, but from a desire for satisfaction above absolute necessity. To satisfy their material needs and wants, humans consume.

The manner in which people consume, the priority of needs and the wants they attempt to satisfy, and the manner in which they satisfy them are functions of their culture that temper, mould and dictate their style of living. **Culture** is the human-made part of human environment – the sum total of knowledge, beliefs, art, morals, laws, customs and any other capabilities and habits acquired by humans as members of society. Culture is 'everything that people have, think and do as members of their society'.<sup>1</sup>

Culture is often defined as 'inherited ethical habit', consisting of values and ideas. Ethical systems create moral communities because their shared languages of good and evil give their members a common moral life.<sup>2</sup>

According to Hofstede,<sup>3</sup> culture is always a collective phenomenon, because it is at least partially shared with people who live or lived within the same environment, which is where it was learned. It is the **collective programming** of the mind that distinguishes the members of one group or category of people from another.

Culture's essence is captured in the above definitions. In sum, the concept is representative when:<sup>4</sup>

- the members of a group share a set of ideas and values;
- these are transmitted by symbols from one generation to another;
- culture is an outcome of past actions of a group or its members;
- culture is learned;
- culture shapes behaviour and our perception of the world;
- it is reinforced by components such as language, behaviour and 'nation'.

Hofstede's seminal work on culture contains more than 11 600 questionnaires in more than 50 countries. He derived four main conceptual dimensions on which national cultures exhibit significant differences. The dimensions are named *individualism/collectivism*, *power distance*, *masculinity/femininity* and *uncertainty avoidance*. For example, in collective countries there is a close-knit social structure, while in individualistic countries people are basically supposed to care for themselves. Power distance refers to the extent to which a society and its individuals tolerate an unequal distribution of power. A society is masculine when it favours assertiveness, earning money, showing off possessions and

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caring little for others, while feminine societies are the opposite. Uncertainty avoidance refers to the degree to which a society feels threatened by uncertain, ambiguous or undefined situations. In high uncertainty avoidance society people look for stable careers and follow rules and procedures. Exhibit 4.1 shows the values of these dimensions for 52 different countries/regions.<sup>5</sup> Exhibit 4.2 shows the grouping of countries according to these differences.

**Exhibit 4.1** Values of Hofstede's cultural dimensions for 52 countries or regions

Country/region	Dimensions			
	Power distance	Uncertainty avoidance	Individualism	Masculinity
Arabic countries (ARA)	80	68	38	53
Argentina (ARG)	49	86	46	56
Australia (AUL)	36	51	90	61
Austria (AUS)	11	70	55	79
Belgium (BEL)	65	94	75	54
Brazil (BRA)	69	76	38	49
Canada (CAN)	39	48	80	52
Chile (CHI)	63	86	23	28
Colombia (COL)	67	80	13	64
Costa Rica (COS)	35	86	15	21
Denmark (DEN)	18	23	74	16
East African region (EA)	64	52	27	41
Ecuador (ECUA)	78	67	8	63
Finland (FIN)	33	59	63	26
France (FRA)	68	86	71	43
Great Britain (GB)	35	35	89	66
Greece (GRE)	60	112	35	57
Guatemala (GUA)	96	101	6	37
Hong Kong (HON)	68	29	25	57
India (IND)	77	40	48	56
Indonesia (INDO)	78	48	14	46
Iran (IRA)	58	59	41	43
Ireland (IRE)	28	35	70	68
Israel (ISR)	13	81	54	47
Italy (ITA)	50	75	76	70
Jamaica (JAM)	45	13	39	68
Japan (JAP)	54	92	46	95
Malaysia (MAL)	104	36	26	50
Mexico (MEX)	81	82	30	69
Netherlands (NETH)	38	53	80	14

### key term

#### collective

#### programming

when groups of people are taught/indoctrinated about certain values

## section 2 the impact of culture



**Exhibit 4.1** continued

Country/region	Dimensions			
	Power distance	Uncertainty avoidance	Individualism	Masculinity
New Zealand (NZ)	22	49	79	58
Norway (NOR)	31	50	69	8
Pakistan (PAK)	55	70	14	50
Panama (PAN)	95	86	11	44
Peru (PER)	64	87	16	42
Philippines (PHI)	94	44	32	64
Portugal (POR)	63	104	27	31
Salvador (SAL)	66	94	19	40
Singapore (SIN)	74	8	20	48
South Africa (SA)	49	49	65	63
South Korea (KOR)	60	85	18	39
Spain (SPA)	57	86	51	42
Sweden (SWE)	31	29	71	5
Switzerland (SWI)	34	58	68	70
Taiwan (TAI)	58	69	17	45
Thailand (THA)	64	64	20	34
Turkey (TUR)	66	85	37	45
United States (USA)	40	46	91	62
Uruguay (URU)	61	100	36	38
Venezuela (VEN)	81	76	12	73
West African region (WA)	77	54	20	46
West Germany (WG)	35	65	67	66
<i>Overall mean</i>	<i>57</i>	<i>65</i>	<i>43</i>	<i>49</i>
<i>Standard deviation</i>	<i>22</i>	<i>24</i>	<i>25</i>	<i>18</i>

Source: Cited from J.C. Usunier, *Marketing Across Cultures*, 2nd edn. (Hemel Hempstead: Prentice-Hall, 1996) pp. 78–9.

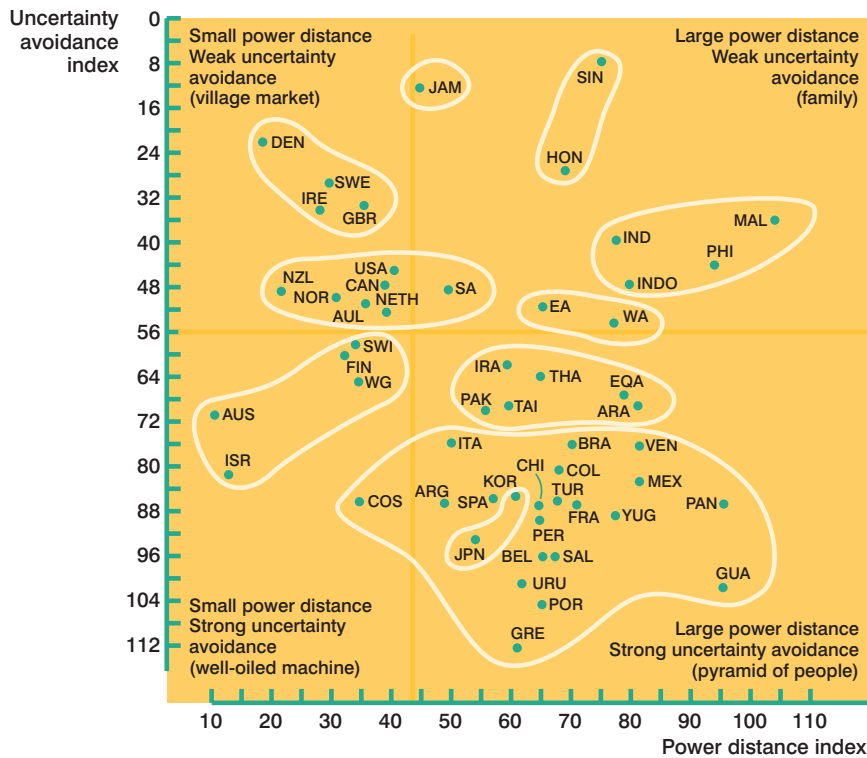
The results of Hofstede's study have been discussed and questioned. It is a valid question that whether the data collected in late 1970s, and the behaviour of people in many countries, have not shifted due to radical changes in the world during the last 30 years. However, Hofstede's study was the first one to systematically study culture relevant to business and management and has thus taken this concept beyond anecdotal references.

Because culture deals with a group's design for living, it is pertinent to the study of marketing, especially international marketing. If you consider for a moment the scope of the marketing concept - the satisfaction of consumer needs and wants at a profit - it becomes apparent that the successful marketer must be a student of culture. What a marketer is constantly dealing with is the culture of the people (the market). When a promotional message is written, symbols recognisable and meaningful to the market (the culture) must be used. When designing a product, the style, uses and other related

## chapter 4 cultural dynamics in international marketing

marketing activities must be made culturally acceptable (i.e. acceptable to the present society) if they are to be operative and meaningful. In fact, culture is pervasive in all marketing activities - in pricing, promotion, channels of distribution, product, packaging and styling - and the marketer's efforts actually become a part of the fabric of culture. The marketer's efforts are judged in a cultural context for acceptance, resistance or rejection. How such efforts interact with a culture determines the degree of success or failure of the marketing effort.

**Exhibit 4.2** The positions of 50 countries and 3 regions on the power distance and uncertainty avoidance dimensions (for country name abbreviations see Exhibit 4.1)



Source: G. Hofstede, Culture and Organisations: Software of the Mind, London: McGraw-Hill, 1991, p.141.

### GOING INTERNATIONAL 4.1

#### Wal-Mart finds German failures hard to swallow

When German shoppers gathered in Mannheim for the opening of the renovated Wal-Mart Supercenter, they were treated to a novel experience. There was space to walk around, freshly baked bagels, free carrier bags and, according to Alfred Brandstetter, the store manager, 'probably the biggest fish counter in Baden-Wurttemberg'.

Yet behind the smiles of its uniformed attendants, the world's largest retailer is increasingly worried about the challenges faced by its nearly seven-year-old German venture, in Europe's biggest economy. Germany is the only country in the world where Wal-Mart is still running at a loss.

## section 2 the impact of culture



**Nie mehr suchen:  
Niedrigpreise das ganze Jahr!**



**WAL★MART®**

Bolted together from two acquisitions in 1997 and 1998, Wal-Mart Germany is the country's fourth largest hypermarket chain with 10 per cent of the market. Although a drop in the ocean for the world-wide group - it generates less than 2 per cent of Wal-Mart's sales - its poor performance has been a stain on the group's record. Wal-Mart does not publish regional profit figures but the operation is said to be losing \$200-300 million (€166-249 million) a year.

'We made mistakes,' says Volker Barth, head of Wal-Mart Germany, 'but one mistake we never made was to underestimate the German market.' Making a mark on Europe's largest and most competitive food retail markets was never going to be easy. But some of Wal-Mart's early mistakes may be impossible to

redress.

The most glaring one, says an insider, was to disregard the structure of distribution in German food retailing. Drawing on the US model, Wal-Mart decided it wanted to control distribution to stores rather than leave it to suppliers. The result was chaos because suppliers could not adapt to Wal-Mart's centralised demands. With many deliveries failing to arrive in time, out-of-stock rates were sometimes up to 20 per cent, compared to a 7 per cent average for the industry.

Then the group fuelled discontent at Wertkauf, its first acquisition, by filling top positions with US expatriates, a move perceived as arrogant. The ensuing exodus of German managers, which accelerated after the closure of the Wertkauf headquarters in 1999, deprived the group of local expertise.

Dominated by hard discounters and privately-owned businesses and suffering from overcapacity, the German food retail market has long been plagued by microscopic profit margins, oscillating between 1 and 2 per cent, compared with 4 to 6 per cent in the UK. Wal-Mart's low-price message, therefore, had none of the revolutionary ring it carried in the UK when it acquired the Asda chain. Although each of its heavily advertised price cuts in Germany prompted loud complaints from other retailers, they were actually limited in scope and quickly matched by rivals.

Jurgen Elfers, analyst at Commerzbank, blames the failures on the poor quality of the Interspar chain, Wal-Mart's second and largest acquisition. In a Machiavellian twist, Spar-Handels, the seller, extracted a commitment from Wal-Mart to retain 200 hand-picked employees, a large number of whom were later found to be poorly trained, prompting even long-suffering German shoppers to complain of sloppy service. Facing renovation costs up to five times those in the US, and struggling to navigate Germany's Byzantine planning and social regulations, the group has only refurbished a quarter of its 95 stores and many sites remain unattractive, too small, cramped or poorly located. The Kundenmonitor, a yearly survey of customer satisfaction, gave Wal-Mart the poorest mark of all retailers for general customer sentiment in its latest issue - it ranked higher on value-for-money. 'The problem is that Germany is beginning to raise questions about the group's entire international strategy,' says Andrew Fowler, food retail analyst at Morgan Stanley Dean Witter.

- What do you think were the main problems Wal-Mart faced in Germany? How can Wal-Mart improve its business in Germany?

Source: Bertrand Benoit, 'Wal-Mart finds German failures hard to swallow,' *Financial Times*, 12 October 2000; Erich Culp, 'Juggernaut Wal-Mart goes slow in Germany,' *The Business*, 26/27 September 2004, p. 4.



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The marketer's **frame of reference** must be that markets do not occur or exist naturally - they become, they evolve; they are not static but change, expand and contract in response to marketing effort, economic conditions and other cultural influences. Markets and market behaviour are part of a country's culture. One cannot truly understand how markets evolve or how they react to a marketer's effort without appreciating that markets are a result of culture. Markets are dynamic living phenomena, expanding and contracting not only in response to economic change, but also in response to changes in other aspects of the culture. Markets are the result of the three-way interaction of a marketer's efforts, economic conditions and all other elements of the culture. Marketers are constantly adjusting their efforts to cultural demands of the market, but they are also acting as agents of change whenever the product or idea being marketed is innovative. Whatever the degree of acceptance in whatever level of culture, the use of something new is the beginning of **cultural change** and the marketer becomes a change agent.

This chapter's purpose is to heighten the reader's sensitivity to the dynamics of culture. It is not a treatise on cultural information about a particular country; rather, it is designed to emphasise the need for study of each country's culture and to point up some relevant aspects on which to focus. This chapter explores briefly the concept of culture related to international marketing. Subsequent chapters explore particular features of each of the cultural elements as they affect the marketing process.

### cultural knowledge

There are two kinds of knowledge about cultures. One is **factual knowledge** about a culture; it is usually obvious and must be learned. Different meanings of colour, different tastes and other traits indigenous to a culture are facts that a marketer can anticipate, study and absorb. The other is **interpretive knowledge** - an ability to understand and to appreciate fully the nuances of different cultural traits and patterns. For example, the meaning of time, attitudes towards other people and certain objects, the understanding of one's role in society, and the meanings of life can differ considerably from one culture to another and may require more than factual knowledge to be fully appreciated.

### GOING INTERNATIONAL 4.2

#### can Wal-Mart win in Japan?

Wal-Mart has big plans for Japan. In 2002 the US giant bought a stake in Seiyu, a struggling local retailer, and today owns a controlling 38 per cent interest. At the time it made its move, analysts scoffed that Wal-Mart's model was all wrong for Japan, where shoppers traditionally preferred convenience to knock-down prices and patronised multi-storey stores with good service in city centres. Moreover, Japan's close-knit network of suppliers and shop owners has given a hostile greeting to outside retailers. However, a decade of economic stagnation has changed Japanese consumer culture. Cut-price outlets such as 100-yen shops have flourished and, like their US counterparts, younger Japanese now spend more time shopping on weekends at malls or discount outlets rather than in small stores close to home. With the economy finally bouncing back, Wal-Mart executives are convinced they can capture a big slice of Japan's \$1.3 trillion retail market - the world's second largest. 'Japan's a challenging market, but it's also a very significant growth opportunity,' says Greg Penner, chief financial officer of Wal-Mart Japan.

### key term

**frame of reference**  
see **self-reference criteria**

### key term

**cultural change**  
change in cultural conditions, e.g. Americanisation

### key term

**factual knowledge**  
something that is usually obvious but that must be learnt, i.e. different meaning of colours; a straightforward fact about a culture, but one that assumes additional significance when interpreted within the context of culture

**interpretive knowledge**  
the ability to understand and to appreciate fully the nuances of different cultural traits and patterns

## section 2 the impact of culture



In the first quarter of 2004, its expenditures fell by 3.6 per cent compared with the same period last year, the result of improved operating efficiency. Furthermore 1,600 of Seiyu's full-time employees, 25 per cent of the total, were nudged into voluntary retirement, which will carve \$46 million off the annual wage bill. The cuts and new systems have helped Seiyu get back in the black. The company expects to eke out a profit of \$4.6 million on sales of \$10.2 billion in 2004, compared with losses of \$754

million in 2002 and \$67 million in 2003.

Staying in the black may be a challenge, given mounting competition from other big-store retailers. France's Carrefour, after some initial missteps, now has eight stores in Japan. Britain's Tesco last year bought C Two-Network a convenience retailer with 78 stores in the Tokyo area, which Tesco could use as a springboard for building a chain of bigger outlets. Local rival Aeon Group expects to have 100 Wal-Mart-style supercenters in suburban areas by the end of 2005, up from four in 2004. Beisia Group hopes to open 75 supercenters by the end of 2005, while supermarket and convenience store operator Ito-Yokado is beefing up its computer systems. 'The biggest threat to Wal-Mart in Japan will be from domestic competition,' says Frank Badillo, chief economist at Retail Forward, a US consulting firm. 'Ito-Yokado and Aeon aren't just going to roll over.'

Wal-Mart may have a bit more trouble with another pillar of its strategy, so-called everyday low prices. Japanese retailers typically lure customers into stores with deep discounts on selected items, which they advertise in weekly flyers called chirashi. By contrast, Wal-Mart relies less on specials, and instead promises consistently rock-bottom prices. In 2003, Seiyu dropped its chirashi for a few weeks because specials didn't fit the Wal-Mart model, but when sales started falling the fliers were quickly reintroduced. The next supercenter isn't slated until 2006, and the company won't discuss plans for more of them.

■ Will Wal-Mart steamroll the opposition? Or will the Japanese get their sashimi elsewhere? How can Wal-Mart Japan compete with local and European retailers?

Source: Compiled from Ian Rawley, 'Can Wal-Mart Woo Japan?' *Business Week*, 10 May 2004, pp. 24-5.

### FACTUAL KNOWLEDGE

Frequently, factual knowledge has meaning as a straightforward fact about a culture, but assumes additional significance when interpreted within the context of the culture. For example, that Mexico is 98 per cent Roman Catholic is an important bit of factual knowledge. But equally important is what it means to be Catholic within Mexican culture versus being Catholic in Spain or Italy. Each culture practises Catholicism in slightly different ways. For example, All Souls' Day is an important celebration among some Catholic countries; in Mexico, however, the celebration receives special emphasis. The Mexican observance is a unique combination of pagan (mostly Indian influence) and Catholic tradition. On the Day of the Dead, as All Souls' Day is called by many in Mexico, it is believed that the dead return to feast. Hence, many Mexicans visit the graves of their departed, taking the dead's favourite foods to place on the graves for them to enjoy. Prior to All Souls' Day, bakeries pile their shelves with bread shaped like bones and coffins, and candy stores sell sugar skulls and other special treats to commemorate the day. As the souls feast on the food, so do the living celebrants. Although the prayers, candles and the idea of the soul are Catholic, the idea of the dead feasting is very pre-Christian Mexican. Thus, a Catholic in



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Mexico observes All Souls' Day quite differently from a Catholic in Spain. This interpretive, as well as factual, knowledge about a religion in Mexico is necessary to fully understand Mexican culture.<sup>6</sup>

### GOING INTERNATIONAL 4.3

#### more equal than others

In a peaceful revolution - the last revolution in Swedish history - the nobles of Sweden in 1809 deposed King Gustav IV whom they considered incompetent, and surprisingly invited Jean Baptiste Bernadotte, a French general who served under their enemy Napoleon, to become King of Sweden. Bernadotte accepted and he became King Charles XIV; his descendants occupy the Swedish throne to this day. When the new king was installed he addressed the Swedish parliament in their language. His broken Swedish amused the Swedes and they roared with laughter. The Frenchman who had become king was so upset that he never tried to speak Swedish again. In this incident Bernadotte was a victim of culture shock: never in his French upbringing and military career had he experienced subordinates who laughed at the mistakes of their superior. Historians tell us he had more problems adapting to the egalitarian Swedish and Norwegian mentality (he later became King of Norway as well) and to his subordinates' constitutional rights. He was a good learner, however (except for language), and he ruled the country as a highly respected constitutional monarch until 1844.

One of the aspects in which Sweden differs from France is the way its society handles *inequality*. There is inequality in any society. Even in the most simple hunter-gatherer band, some people are bigger, stronger or smarter than others. The next thing is that some people have more power than others: they are more able to determine the behaviour of others than vice versa. Some people are given more status and respect than others.

Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill, 1991), p. 23.



### INTERPRETIVE KNOWLEDGE

Interpretive knowledge requires a degree of insight that may best be described as a feeling. It is the kind of knowledge most dependent on past experience for interpretation and most frequently prone to misinterpretation if relying on one's **self-reference criterion (SRC)**.

Ideally, the foreign marketer should possess both kinds of knowledge about a market. Most facts about a particular culture can be learned by researching published material about that culture. This effort can also transmit a small degree of empathy, but to appreciate the culture fully, it is necessary to live with the people for some time. Because this ideal solution is not practical for a marketer, other solutions are sought. Consultation and cooperation with bilingual nationals with marketing backgrounds is the most effective answer to the problem. This has the further advantage of helping the marketer acquire an increasing degree of empathy through association with people who understand the culture best - the locals.

### key term

**self-reference criterion (SRC)**  
considering our own conditions, values and norms

## section 2 the impact of culture



### key term

#### **cultural sensitivity**

being attuned to the nuances of culture so that a new culture can be viewed objectively, evaluated and appreciated

### CULTURAL SENSITIVITY AND TOLERANCE

Successful foreign marketing begins with **cultural sensitivity**-being attuned to the nuances of culture so that a new culture can be viewed objectively, evaluated and appreciated. Cultural empathy must be carefully cultivated. Perhaps the most important step is the recognition that cultures are not right or wrong, better or worse; they are simply different. For every amusing, annoying, peculiar or repulsive cultural trait we find in a country, there is a similarly amusing, annoying or repulsive trait others see in our culture. We find it peculiar that the Chinese eat dog, while they find it peculiar that we buy packaged, processed dog food in supermarkets and keep dogs as pets. They also find it peculiar that we eat baby lambs and guinea pigs but not dogs and cats.

Just because a culture is different does not make it wrong. Marketers must understand how their own culture influences their assumptions about another culture. The more exotic the situation, the more sensitive, tolerant and flexible one needs to be. Being more culturally sensitive will reduce conflict, improve communications and thereby increase success in collaborative relationships.

It is necessary for a marketer to investigate the assumptions on which judgements are based, especially when the frames of reference are strictly from his or her own culture. As products of our own culture we instinctively evaluate foreign cultural patterns from a personal perspective.

### culture and its elements

The student of international marketing should approach an understanding of culture from the viewpoint of the anthropologist. Every group of people or society has a culture because culture is the entire social heritage of the human race: 'the totality of the knowledge and practices, both intellectual and material of society ... [it] embraces everything from food to dress, from household techniques to industrial techniques, from forms of politeness to mass media, from work rhythms to the learning of familiar rules.'<sup>7</sup> Culture exists in New York, London and Moscow just as it does among the Gypsies, the South Sea islanders or the Aborigines of Australia.

### ELEMENTS OF CULTURE

The anthropologist studying culture as a science must investigate every aspect of a culture if an accurate, total picture is to emerge. To implement this goal, there has evolved a cultural scheme that defines the parts of culture. For the marketer, the same thoroughness is necessary if the marketing consequences of cultural differences within a foreign market are to be accurately assessed.

Culture includes every part of life. The scope of the term culture to the anthropologist is illustrated by the elements included within the meaning of the term. They are:

- 1** Material culture
  - Technology
  - Economics
- 2** Social institutions
  - Social organisation
  - Political structures
- 3** Education
  - Literacy rate
  - Role and levels
- 4** Belief systems
  - Religion
  - Superstitions
  - Power structure

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### 5 Aesthetics

- Graphic and plastic arts
- Folklore
- Music, drama and dance

### 6 Language<sup>8</sup>

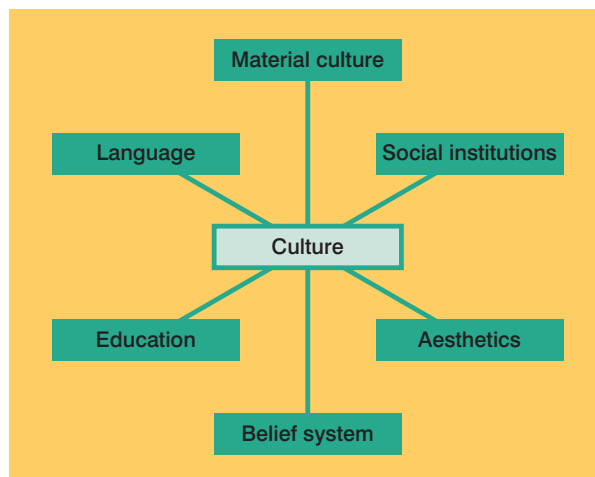
- Usage of foreign languages
- Spoken versus written language

In the study of humanity's way of life, the anthropologist finds these six dimensions useful because they encompass all the activities of social heritage that constitute culture (Exhibit 4.3). Foreign marketers may find such a cultural scheme a useful framework in evaluating a marketing plan or in studying the potential of foreign markets. All the elements are instrumental to some extent in the success or failure of a marketing effort because they constitute the environment within which the marketer operates. Furthermore, because we automatically react to many of these factors in our native culture, we must purposely learn them in another. Finally, these are the elements with which marketing efforts interact and so are critical to understanding the character of the marketing system of any society. It is necessary to study the various implications of the differences of each of these factors in any analysis of a specific foreign market.

**Material culture** Material culture is divided into two parts, technology and economics. Technology includes the techniques used in the creation of material goods; it is the technical know-how possessed by the people of a society. For example, the vast majority of Western citizens understand the simple concepts involved in reading gauges, but in many countries of the world, this seemingly simple concept is not part of their common culture and is therefore a major technical limitation.

A culture's level of technology is manifest in many ways. Such concepts as preventive maintenance are foreign in many low-technology cultures. In Germany, the United States, Japan or other countries with high levels of technology, the general population has a broad level of technical understanding that allows them to adapt and learn new technology more easily than populations with lower levels of technology. Simple repairs, preventive maintenance and a general understanding of how things work all constitute a high level of technology. In China, one of the burdens of that country's economic growth is providing the general working population with a modest level of mechanical skill, that is, a level of technology.

**Exhibit 4.3** Elements of culture



## section 2 the impact of culture



Economics is the manner in which people employ their capabilities and the resulting benefits. Included in the subject of economics are the production of goods and services, their distribution, consumption, means of exchange and the income derived from the creation of utilities.

Material culture affects the level of demand, the quality and types of products demanded and their functional features, as well as the means of production of these goods and their distribution. The marketing implications of the material culture of a country are many: electrical appliances sell in England or France, but have few buyers in countries where less than 1 per cent of the homes have electricity. Even with electrification, economic characteristics represented by the level and distribution of income may limit the desirability of products. Electric can openers and electric juicers are acceptable in the United States, but, in less affluent countries, not only are they unattainable and probably unwanted, they would be a spectacular waste because **disposable income** could be spent more meaningfully on better houses, clothing or food.

### key term

#### disposable income

that proportion of your income that is not already accounted for, for example, on mortgages, loans, bills, etc.

**Social Institutions** Social organisation and political structures are concerned with the ways in which people relate to one another, organise their activities to live in harmony with one another and govern themselves. The positions of men and women in society, the family, social classes, group behaviour and age groups are interpreted differently within every culture (see Exhibit 4.4). Each institution has an effect on marketing because each influences behaviour, values and the overall patterns of life. In cultures where the social

#### Exhibit 4.4 Concepts of self and others

Basic problem/cultural orientations	Contrasts across cultures
<p><i>How should we treat unknown people?</i></p> <p>(a) Is human nature basically good or bad?</p>	Unknown people are considered favourably and shown confidence or, conversely, they are treated with suspicion when met for the first time
<p><i>Appraising others</i></p> <p>(b) When appraising others, emphasis placed on:</p> <p>(i) age</p> <p>(ii) sex</p> <p>(iii) social class</p>	<p>Who are the persons to be considered trustworthy and reliable, with whom it is possible to do business?</p> <p>(i) Older (younger) people are seen more favourably</p> <p>(ii) Trustworthiness is based on sex or not</p> <p>(iii) Social class plays a significant role (or not) in concepts of the self and others</p>
<p><i>Appraising oneself</i></p> <p>(c) Emphasis placed on the self-concept perceived as culturally appropriate:</p> <p>(i) self-esteem: low/high</p> <p>(ii) perceived potency: low/high</p> <p>(iii) level of activity: low/high</p>	<p>(i) Shyly and modestly vs. extrovert or even arrogant</p> <p>(ii) Power should be shown vs. hidden</p> <p>(iii) Busy people are the good ones vs. unoccupied/idle people are well considered</p>
<p><i>Relating to the group</i></p> <p>(d) Individualism vs. collectivism</p>	The individual is seen as the basic resource and therefore individual-related values are strongly emphasized (personal freedom, human rights, equality between men and women); versus the group is seen as the basic resource and therefore group values favoured (loyalty, sense of belonging, sense of personal sacrifice for the community, etc.)

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organisations result in close-knit family units, for example, it is more effective to aim a promotion campaign at the family unit than at individual family members. Travel advertising in culturally divided Canada pictures a wife alone for the English audience, but a man and wife together for the French segments of the population because the French are traditionally more closely bound by family ties. The roles and status positions found within a society are influenced by the dictates of social organisations.

**Education** In each society, we teach our generation what is acceptable or not acceptable, right or wrong and other ways of behaviour. The literacy rate in each society is an important aspect and influences the behaviour of people. For a marketer it is important to know the role and level of education in a particular market. It would influence the marketing strategy and techniques used. Which type of advertising and communication is used depends highly on the level of education.

**Belief system** Within this category are religion, superstitions and their related power structures. The impact of religion on the value systems of a society and the effect of **value systems** on marketing must not be underestimated. Religion impacts people's habits, their outlook on life, the products they buy, the way they buy them, even the newspapers they read. Acceptance of certain types of food, clothing and behaviour are frequently affected by religion, and such influence can extend to the acceptance or rejection of promotional messages as well. In some countries, too much attention to bodily functions featured in advertisements would be judged immoral or improper and the products would be rejected. What might seem innocent and acceptable in one culture could be considered too personal or vulgar in another.

### key term

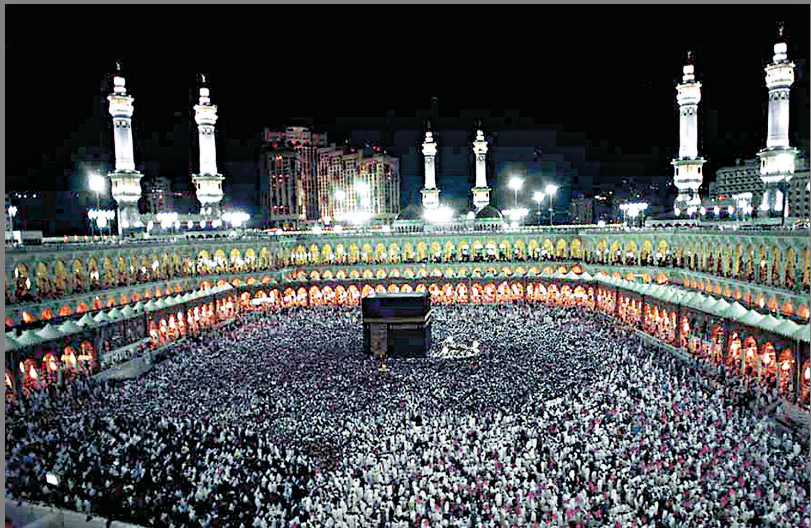
#### value systems

values that are followed unconsciously

## GOING INTERNATIONAL 4.4

### religious rituals

Life is filled with little rituals that we do every day or week and there are rituals we do only once in our lifetime. Every Muslim is enjoined to make the hajj, or pilgrimage, to Mecca once in his or her lifetime if physically and financially able. Here some 2 million faithful from all over the world gather annually to participate in what is the largest ritual meeting on earth. Catholics have a ritual such as a pilgrimage to Rome, Lourdes, Czestochowa or Santiago de Compostela. Pilgrimages are made to the places where the gods or heroes were born, wrought or died. In some cultures people visit shrines or temples and expect miracles and wonders. In some countries Catholics are supposed to make a pilgrimage on foot to one of these places, which can take months before they arrive at the holy place.



The largest ritual meeting on earth.  
© AFP/CORBIS

## section 2 the impact of culture



Religion is one of the most sensitive elements of a culture. When the marketer has little or no understanding of a religion, it is easy to offend, albeit unintentionally. Like all cultural elements, one's own religion is often not a reliable guide of another's beliefs. Many do not understand religions other than their own, and what is 'known' about other religions is often incorrect. The Islamic religion is a good example of the need for a basic understanding. There are more than 1 billion in the world who embrace Islam, yet major multinational companies often offend Muslims. A recent incident involved the French fashion house of Chanel, which unwittingly desecrated the Koran by embroidering verses from the sacred book of Islam on several dresses shown in its summer collections. The designer said he took the design, which was aesthetically pleasing to him, from a book on India's Taj Mahal palace and that he was unaware of its meaning. To placate a Muslim group that felt the use of the verses desecrated the Koran, Chanel had to destroy the dresses with the offending designs along with negatives of the photos made of the garments. Chanel certainly had no intention of offending Muslims because some of its most important customers are of that religion. This example shows how easy it is to offend if the marketer, in this case the designer, has not familiarised him- or herself with other religions.<sup>9</sup>

### GOING INTERNATIONAL 4.5

#### struggling McDonald's Japan is trying a new recipe



Passers by consider McDonald's half price sale. (AP/Wide World photos)

McDonald's Japan has suffered two straight disastrous years, losing a total of \$87.5 million, with overall sales falling 4.4 per cent in 2003. When BSE broke out in the US, and Japan imposed a ban on imports of American beef, hamburgers suddenly became unpopular. Given that the Japanese operation generates nearly \$2.7 billion in sales and is the biggest franchise of McDonald's Corp. outside the US, the troubles here made headquarters a bit worried, so they ended a 30-year contract with their Japanese partner, taking a one-time charge that contributed to 2003 year's losses. McDonald's US then installed Pat Donahue as Chairman, who ran McDonald's Canadian operation, to replace Fujita. (Fujita and his family still own 26 per cent, while McDonald's has a controlling 50 per cent stake.)

Now Makudonarudo, as the Japanese call McDonald's, is on a crash diet. It has cut costs by closing unprofitable franchises and laying off 15 per cent of the staff at the Tokyo headquarters. Three years ago, Fujita boasted that he would have 10 000 McDonald's restaurants by 2010. In 2004 there were 3752, down from 3891 in 2002. The company took a \$23.4 million loss in 2003 to pull out of a failed high-end sandwich venture with a British company called Prêt À Manger.

However, the outlook is beginning to improve. Same-store sales in local currency terms increased in 2004. In addition to existing Japanese-style entrees such as the Teriyaki Burger, the company is rolling out spicy Korean-style burgers, a low-calorie tofu sandwich that's being marketed to women, and a bigger Premium Mac aimed at hungry men. The challenge now is getting back the magic that made McDonald's one of the most successful US investments in Japan.

■ Do you think McDonald's will turn around in Japan? Can you advise McDonald's on what to do?

Sources: Adapted from *Business Week*, 'Can Makudonarudo turn up the Heat?' 15 March 2004, p. 32.



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Superstition plays a much larger role in a society's belief system in some parts of the world than it does in Western culture. What Westerners might consider as mere superstition can be a critical aspect of a belief system in another culture. For example, in parts of Asia, ghosts, fortune-telling, palmistry, head-bump reading, phases of the moon, demons and soothsayers are all integral parts of certain cultures. Astrologers are routinely called on in India and Thailand to determine the best location for a structure. The Thais insist that all wood in a new building must come from the same forest to prevent the boards from quarrelling with each other. Houses should have an odd number of rooms for luck, and they should be one storey because it is unlucky to have another's foot over your head.

An incident reported in Malaysia involved mass hysteria from fear of evil spirits. Most of a factory's labourers were involved and production ground to a halt until a 'bomoh' was called, a goat sacrificed and its blood sprinkled on the factory floor; the goat was then roasted and eaten. The next day the hysteria was over and everyone was back at work.<sup>10</sup>

It can be an expensive mistake to make light of superstitions in other cultures when doing business there. To make a fuss about being born in the right year under the right phase of the moon and to rely heavily on handwriting and palm-reading experts, as in Japan, can be worrisome to a Westerner who seldom sees a 13th floor in a building, refuses to walk under a ladder or worries about the next seven years after breaking a mirror.<sup>11</sup>

**Aesthetics** Closely interwoven with the effect of people and the universe on a culture are its aesthetics; that is, the arts, folklore, music, drama and dance. Aesthetics are of particular interest to the marketer because of their role in interpreting the symbolic meanings of various methods of artistic expression, colour and standards of beauty in each culture. The uniqueness of a culture can be spotted quickly in symbols having distinct meanings.

Without a culturally correct interpretation of a country's aesthetic values, a whole host of marketing problems can arise. Product styling must be aesthetically pleasing to be successful, as must advertisements and package designs. Insensitivity to aesthetic values can offend, create a negative impression and, in general, render marketing efforts ineffective. Strong symbolic meanings may be overlooked if one is not familiar with a culture's aesthetic values. The Japanese, for example, revere the crane as being very lucky, for it is said to live a thousand years; however, the use of the number four should be completely avoided since the word for four, *shi*, is also the Japanese word for death.

**Language** The importance of understanding the language of a country cannot be overestimated. The successful marketer must achieve expert communication; this requires a thorough understanding of the language as well as the ability to speak it. Advertising copywriters should be concerned less with obvious differences between languages and more with the idiomatic meanings expressed.

A dictionary translation is not the same as an **idiomatic interpretation**, and seldom will the dictionary translation suffice. Quite often there is a difference between spoken and written language. A national food processor's familiar 'Jolly Green Giant' translated into Arabic as 'Intimidating Green Ogre'. One airline's advertising campaign designed to promote its plush leather seats urged customers to 'fly on leather'; when translated for its Hispanic and Latin American customers, it told passengers to 'fly naked'. Pepsi's familiar 'Come Alive with Pepsi', when translated into German, conveyed the idea of coming alive from the grave. Schweppes was not pleased with its tonic water translation into Italian: 'Il Water' idiomatically means the bathroom. Electrolux's advertisement for its vacuum cleaner with the slogan 'Nothing Sucks Better than Electrolux' was not particularly appreciated in Ireland. Carelessly translated advertising statements not only lose their intended meaning, but can suggest something very different, obscene, offensive or just

### key term

**idiomatic interpretation** interpretations according to the characteristics of a particular language

## section 2 the impact of culture



plain ridiculous. One authority suggests, as a cultural translator, a person who translates not only among languages, but also among different ways of thinking and among different cultures.<sup>12</sup>

Many believe that to appreciate the true meaning of a language it is necessary to live with the language for years. Whether or not this is the case, foreign marketers should never take it for granted that they are effectively communicating in another language. Until a marketer can master the vernacular, the aid of a national within the foreign country should be enlisted; even then, the problem of effective communications may still exist. For example, in French-speaking countries, the trademark toothpaste brand name 'Cue' was a crude slang expression for *derrière*. The intent of a major fountain pen company advertising in Latin America suffered in translation when the new pen was promoted to 'help prevent unwanted pregnancies'. The poster of an engineering company at a Russian trade show did not mean to promise that its oil well completion equipment was dandy for 'improving a person's sex life'.<sup>13</sup>

### ANALYSIS OF ELEMENTS

Each cultural element must be evaluated in light of how it could affect a proposed marketing programme; some may have only indirect impact, others may be totally involved. Generally, it could be said that the more complete the marketing involvement or the more unique the product, the more need for thorough study of each cultural element. If a company is simply marketing an existing product in an already developed market, studying the total culture is certainly less crucial than for the marketer involved in total marketing - from product development, through promotion, to the final selling.

## GOING INTERNATIONAL 4.6

### it's not the gift that counts, but how you present it



Giving a gift in another country requires careful attention if it is to be done properly. Here are a few suggestions:

#### *Japan*

Do not open a gift in front of a Japanese counterpart unless asked and do not expect the Japanese to open your gift.

Avoid ribbons and bows as part of gift wrapping. Bows as we know them are considered unattractive and

ribbon colours can have different meanings.

Do not offer a gift depicting a fox or badger. The fox is the symbol of fertility, the badger, cunning.

#### *Europe*

Avoid red roses and white flowers, even numbers and the number 13. Unwrap flowers before presenting.

Do not risk the impression of bribery by spending too much on a gift.

#### *Arab world*

Do not give a gift when you first meet someone. It may be interpreted as a bribe.

Do not let it appear that you contrived to present the gift when the recipient is alone. It looks bad unless you know the person well. Give the gift in front of others in less personal relationships.





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### *Latin America*

Do not give a gift until after a somewhat personal relationship has developed unless it is given to express appreciation for hospitality.

Gifts should be given during social encounters, not in the course of business.

Avoid the colours black and purple; both are associated with the Catholic Lenten season.

### *China*

Never make an issue of a gift presentation - publicly or privately.

Gifts should be presented privately, with the exception of collective ceremonial gifts at banquets.

*Source:* Adapted from *International Business Gift-Giving Customs*, available from The Parker Pen Company.

While analysis of each cultural element *vis-à-vis* a marketing programme could ensure that each facet of a culture is included, it should not be forgotten that culture is a total picture, not a group of unrelated elements. Culture cannot be separated into parts and be fully understood. Every facet of culture is intricately intertwined and cannot be viewed singly; each must be considered for its synergistic effects. The ultimate personal motives and interests of people are determined by all the interwoven facets of the culture rather than by the individual parts. While some specific cultural elements have a direct influence on individual marketing efforts and must be viewed individually in terms of their potential or real effect on marketing strategy, the whole of cultural elements is manifested in a broader sense on the basic cultural patterns. In a market, basic consumption patterns, that is, who buys, what they buy, frequency of purchases, sizes purchased and so on, are established by cultural values of right and wrong, acceptable and unacceptable. The basic motives for consumption that help define fundamental needs and different forms of decision making have strong cultural underpinnings that are critical knowledge for the marketer.

## GOING INTERNATIONAL 4.7

### why don't monkeys go bananas?

A number of behavioural scientists concluded an experiment where 10 monkeys were held in a room. A ladder was standing in the middle of the room and on top of the ladder some bananas were placed. It did not take long before one of the monkeys discovered the bananas and tried to reach them. As soon as the monkey climbed the ladder the whole group of monkeys were hosed down with pressured water by the scientists.

The drill was repeated until not one of the monkeys dared to reach the bananas. Now one monkey was replaced by a new monkey. Of course the new monkey discovered the bananas. On his attempt to reach the bananas, the other monkeys attacked him because they knew what was going to happen to them if this new monkey tried to reach the bananas.

The scientists kept replacing the monkeys that had experienced the hosing until all of them were replaced by new monkeys. Eventually none of the monkeys in the community had experienced the hosing, yet as soon as a new monkey tried to reach for the bananas the other monkeys would pull it down from the ladder and attack it. The monkeys thus declined to get the bananas.

*Source:* Translated from T. Pauka and R. Zunderdorp, *De Banaan Wordt Bespreekbaar. Cultuurverandering in Ambtelijk en Politiek* (Amsterdam: Groningen, 1988).

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Culture is dynamic in nature; culture is not static but a living process. That change is constant seems paradoxical in that another important attribute of culture is that it is conservative and resists change. The dynamic character of culture is significant in assessing new markets even though changes occur in the face of resistance. In fact, any change in the currently accepted way of life meets with more initial resistance than acceptance.<sup>14</sup>

### cultural change

One view of culture sees it as the accumulation of a series of the best solutions to problems faced in common by members of a given society. In other words, culture is the means used in adjusting to the biological, environmental, psychological and historical components of human existence.

There are a variety of ways a society solves the problems created by its existence. Accident has provided solutions to some of them; invention has solved many others. More commonly, however, societies have found answers by looking to other cultures from which they can borrow ideas. Cultural borrowing is common to all cultures. Although each society has a few truly unique situations facing it, most problems confronting all societies are similar in nature, with alterations for each particular environment and culture.<sup>15</sup>

### CULTURAL BORROWING

Cultural borrowing is a responsible effort to borrow those cultural ways seen as helpful in the quest for better solutions to a society's particular problems. If what it does adopt is adapted to local needs, once the adaptation becomes commonplace, it is passed on as cultural heritage. Thus, cultures unique in their own right are the result, in part, of borrowing from others. Consider, for example, American culture (United States) and the typical US citizen who:

...begins breakfast with an orange from the eastern Mediterranean, a cantaloupe from Egypt, or perhaps a piece of African watermelon ... After his fruit and Colombian coffee he goes on to waffles, cakes made by a Scandinavian technique from wheat domesticated in Asia Minor. Over these he pours maple syrup, invented by the Indians of the Eastern US woodlands. As a side dish he may have the eggs of a species of bird domesticated in Indo-China, or thin strips of the flesh of an animal domesticated in Eastern Asia, which have been salted and smoked by a process developed in northern Europe ...

While smoking, he reads the news of the day, imprinted in characters invented by the ancient Semites upon a material invented in China by a process invented in Germany. As he absorbs the accounts of foreign troubles he will, if he is a good conservative citizen, thank a Hebrew deity in an Indo-European language that he is 100 per cent American.<sup>16</sup>

Actually, this citizen is correct to assume that he or she is 100 per cent American because each of the borrowed cultural facets has been adapted to fit his or her needs, moulded into uniquely American habits, foods and customs. Americans behave as they do because of the dictates of their culture. Regardless of how or where solutions are found, once a particular pattern of action is judged acceptable by society, it becomes the approved way and is passed on and taught as part of the group's cultural heritage. Cultural heritage is one of the fundamental differences between humans and other animals. Culture is learned; societies pass on to succeeding generations solutions to problems, constantly building on and expanding the culture so that a wide range of behaviour is possible. The point is, of course, that although much behaviour is borrowed from other cultures, it is combined in a unique manner, which becomes typical for a particular society. To the foreign marketer, this similar-but-different feature of cultures has important meaning in gaining cultural empathy.

### SIMILARITIES: AN ILLUSION

For the inexperienced marketer, the similar-but-different aspect of culture creates illusions of similarity that usually do not exist. Several nationalities can speak the same language or have similar race and heritage, but it does not follow that similarities exist in other respects - that a product acceptable to one culture will be readily acceptable to the other, or that a promotional message that succeeds in one country will succeed in the other. Even though a people start with a common idea or approach, as is the case among English-speaking Australians, Americans and the British, cultural borrowing and assimilation to meet individual needs translate over time into quite distinct cultures. A common language does not guarantee a similar interpretation of even a word or phrase. Both the British and the Americans speak English, but their cultures are sufficiently different so that a single phrase has different meanings to each and can even be completely misunderstood. In England, one asks for a lift instead of an elevator, and an American, when speaking of a bathroom, generally refers to a toilet, while in England a bathroom is a place to take a tub bath. Also, the English 'hoover' a carpet whereas Americans vacuum clean it.

Differences run much deeper than language differences, however. The approach to life, values and concepts of acceptable and unacceptable behaviour may all have a common heritage and may appear superficially to be the same. In reality, profound differences do exist. Among the Spanish-speaking Latin American countries, the problem becomes even more difficult because the idiom is unique to each country, and national pride tends to cause a mute rejection of any 'foreign-Spanish' language. In some cases, an acceptable phrase or word in one country is not only unacceptable in another, it can very well be indecent or vulgar. In Spanish, *coger* is the verb 'to catch', but in some countries it is used as a euphemism with a baser meaning.

Asians are frequently grouped together as if there were no cultural distinctions among Japanese, Koreans and Chinese, to name but a few of the many ethnic groups in the Pacific region. Asia cannot be viewed as a homogeneous entity and the marketer must understand the subtle and not-so-subtle differences among Asian cultures. Each country (culture) has its own unique national character.

There is also the tendency to speak of the 'European consumer' as a result of growing integration in Europe. Many of the obstacles to doing business in Europe have been or will be eliminated as the EU takes shape, but marketers, anxious to enter the market, must not jump to the conclusion that a unified Europe means a common set of consumer wants and needs. Cultural differences among the members of the EU are the products of centuries of history that will take centuries to erase.

Even the United States has many subcultures that today, with mass communications and rapid travel, defy complete homogenisation. It would be folly to suggest that the South is in all respects culturally the same as the northeastern or Midwestern parts of the United States. It also would be folly to assume that the unification of Germany has erased cultural differences that have arisen from over 40 years of political and social separation.<sup>17</sup>

A single geopolitical boundary does not necessarily mean a single culture: Canada is divided culturally between its French and English heritages although it is politically one country. A successful marketing strategy among the French Canadians may be a certain failure among remaining Canadians. Within most cultures there are many subcultures that can have marketing significance.

India is another example: people from the south speak different languages and do not even understand Hindi or other languages of the north, west or east. There are more than 100 languages spoken in India, 25 of which are official languages. In fact, the only language that unites India is English.

### RESISTANCE TO CHANGE

A characteristic of human culture is that change occurs. That people's habits, tastes, styles, behaviour and values are not constant but are continually changing can be verified

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by reading 20-year-old magazines. This gradual cultural growth does not occur without some resistance. New methods, ideas and products are held to be suspect before they are accepted, if ever, as right.

The degree of resistance to new patterns varies; in some situations new elements are accepted completely and rapidly, and in others, resistance is so strong that acceptance is never forthcoming. Studies show that the most important factor in determining what kind and how much of an innovation will be accepted is the degree of interest in the particular subject, as well as how drastically the new will change the old, that is, how disruptive the innovation will be to presently acceptable values and patterns of behaviour. Observations indicate that those innovations most readily accepted are those holding the greatest interest within the society and those least disruptive. For example, rapid industrialisation in parts of Europe has changed many long-honoured attitudes involving time and working women. Today, there is an interest in ways to save time and make life more productive; the leisurely continental life is rapidly disappearing. With this time-consciousness has come the very rapid acceptance of many innovations that might have been resisted by most just a few years ago. Instant foods, mobile telephones, McDonald's and other fast-food establishments, all supportive of a changing attitude towards work and time, are rapidly gaining acceptance.

Although a variety of innovations are completely and quickly accepted, others meet with firm resistance. India has been engaged in intensive population-control programmes for over 20 years, but the process has not worked well and India's population remains among the highest in the world; it has already exceeded 1 billion and is expected to overtake China in the next decade. Why has birth control not been accepted? Most attribute the failure to the nature of Indian culture. Among the influences that help to sustain the high birth rate are early marriage, the Hindu society's emphasis on bearing sons, dependence on children for security in old age and a low level of education among the rural masses. All are important cultural patterns at variance with the concept of birth control. Acceptance of birth control would mean rejection of too many fundamental cultural concepts. For the Indian people, it is easier and more familiar to reject the new idea.

Most cultures tend to be ethnocentric, that is, they have intense identification with the known and the familiar of their culture and tend to devalue the foreign and unknown of other cultures. **Ethnocentrism** complicates the process of cultural assimilation by producing feelings of superiority about one's own culture and, in varying degrees, generates attitudes that other cultures are inferior, barbaric or at least peculiar. Ethnocentric feelings generally give way if a new idea is considered necessary or particularly appealing.

Although cultures meet most newness with some resistance or rejection, that resistance can be overcome. Cultures are dynamic and change occurs when resistance slowly yields to acceptance, so the basis for resistance becomes unimportant or forgotten. Gradually there comes an awareness of the need for change, ideas once too complex become less so because of cultural gains in understanding, or an idea is restructured in a less complex way, and so on.

### planned cultural change

The first step in bringing about planned change in a society is to determine which cultural factors conflict with an innovation, thus creating resistance to its acceptance. The next step is an effort to change those factors from obstacles to acceptance into stimulants for change. The same deliberate approaches used by the social planner to gain acceptance for hybrid grains, better sanitation methods, improved farming techniques, or protein-rich diets among the peoples of underdeveloped societies can be adopted by marketers to achieve marketing goals.<sup>18</sup>

Marketers have two options when introducing an innovation to a culture. They can wait, or they can cause change. The former requires hopeful waiting for eventual cultural

### key term

#### ethnocentrism

when we behave in an ethnocentric way, an exaggerated tendency to believe our own values/norms/culture are superior to others



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changes that prove their innovations of value to the culture; the latter involves introducing an idea or product and deliberately setting about to overcome resistance and to cause change that accelerates the rate of acceptance.

An innovation that has advantages, but requires a culture to learn new ways to benefit from these advantages, establishes the basis for eventual cultural change. Both a strategy of unplanned change and a strategy of planned change produce cultural change. The fundamental difference is that unplanned change proceeds at its own pace whereas in planned change, the process of change is accelerated by the change agent. While culturally congruent strategy, strategy of unplanned change and strategy of planned change are not clearly articulated in international business literature, the third situation occurs. The marketer's efforts become part of the fabric of culture, planned or unplanned.

Take, for example, the change in diet in Japan since the introduction of milk and bread soon after the Second World War. Most Japanese, who are predominantly fish and rice eaters, have increased their intake of animal fat and protein to the point at which fat and protein now exceed vegetable intake. As many McDonald's hamburgers are apt to be eaten in Japan as the traditional rice ball wrapped in edible seaweed. A Westernised diet has caused many Japanese to become overweight. To counter this, the Japanese are buying low-calorie, low-fat foods to help shed excess weight and are flocking to health studios. All this began when US occupation forces introduced bread, milk and steak to Japanese culture. The effect on the Japanese was unintentional; nevertheless, change occurred. Had the intent been to introduce a new diet - that is, a strategy of planned change - specific steps could have been taken to identify resistance to dietary change and then to overcome these resistances, thus accelerating the process of change. The same process is now underway in China, where people are introduced to dairy products and bread, after the country opened up its borders.

### consequences of an innovation

When product diffusion (acceptance) occurs, a process of social change may also occur. One issue frequently addressed concerns the consequences of the changes that happen within a social system as a result of acceptance of an innovation. The marketer seeking product diffusion and adoption may inadvertently bring about change that affects the very fabric of a social system. Consequences of diffusion of an innovation may be functional or dysfunctional, depending on whether the effects on the social system are desirable or undesirable. In most instances, the marketer's concern is with perceived functional consequences - the positive benefits of product use. Indeed, in most situations, innovative products for which the marketer purposely sets out to gain cultural acceptance have minimal, if any, dysfunctional consequences, but that cannot be taken for granted.

On the surface, it would appear that the introduction of a processed feeding formula into the diet of babies in developing countries where protein deficiency is a health problem would have all the functional consequences of better nutrition and health, stronger and faster growth, and so forth.<sup>19</sup> There is evidence, however, that in at least one situation the dysfunctional consequences far exceeded the benefits. In India, as the result of the introduction of the formula, a significant number of babies annually were changed from breast-feeding to bottle-feeding before the age of six months. In Western countries, with appropriate refrigeration and sanitation standards, a similar pattern exists with no apparent negative consequences. In India, however, where sanitation methods are inadequate, a substantial increase in dysentery and diarrhoea and a higher infant mortality rate have resulted. A change from breast-feeding to bottle-feeding at an early age without the users' complete understanding of purification has caused dysfunctional consequences. This was the result of two factors: the impurity of the water used with the milk and the loss of the natural immunity to childhood disease that a mother's milk provides.<sup>20</sup>

## section 2 the impact of culture



### GOING INTERNATIONAL 4.8

#### ici on parle Français

Frequently there is a conflict between a desire to borrow from another culture and the natural inclination not to pollute one's own culture by borrowing from others. France offers a good example of this conflict. On the one hand, the French accept such US culture as *The Oprah Winfrey Show* on television, award Sylvester 'Rambo' Stallone the Order of Arts and Letters, listen to Eminem, and dine on all-American gastronomic delights such as the Big Mac and Kentucky Fried Chicken. At the same time, there is an uneasy feeling that accepting so much from America will somehow dilute the true French culture. Thus, in an attempt to somehow control cultural pollution, France is embarking on a campaign to expunge examples of 'franglaise' from all walks of life, including television, billboards and business contracts. If the culture ministry has its way, violators will be fined. A list of correct translations include *heures de grande écoute* for 'prime time', *coussin gonflable de protection* for 'airbag', *sablé américain* for 'cookie', and some 3500 other offensive expressions. While the demand for hamburger and US television shows cannot be stemmed, perhaps the language can be saved.

With a tongue-in-cheek response, an English lawmaker said that he would introduce a bill in Parliament to ban the use of French words in public. Order an 'aperitif' in a British bar or demand an 'encore' at the end of an opera and you might be in trouble - and so goes the 'language wars'. The use of foreign words in media and advertising got a last-minute reprieve when France's highest constitutional authority struck down the most controversial parts of the law, saying it only applies to public services and not to private citizens.

*Source:* Adapted from Maarten Huygen, 'The Invasion of the American Way', *World Press Review*, November 1992, pp. 28-29; 'La Guerre Franglaise', *Fortune*, 13 June 1994, p. 14; and 'Briton Escalates French Word-War', Reuters, 21 June 1994.

### summary

A complete and thorough appreciation of the dimensions of culture may well be the single most important gain to a foreign marketer in the preparation of marketing plans and strategies. Marketers can control the product offered to a market - its promotion, price and eventual distribution methods - but they have only limited control over the cultural environment within which these plans must be implemented. Because they cannot control all the influences on their marketing plans, they must attempt to anticipate the eventual effect of the uncontrollable elements and plan in such a way that these elements do not preclude the achievement of marketing objectives. They can also set about to effect changes that lead to quicker acceptance of their products or marketing programmes. Planning marketing strategy in terms of the uncontrollable elements of a market is necessary in a domestic market as well, but when a company is operating internationally, each new environment influenced by elements unfamiliar and sometimes unrecognisable to the marketer complicates the task. For these reasons, special effort and study are needed to absorb enough understanding of the foreign culture to cope with the uncontrollable features. Perhaps it is safe to generalise that of all the tools the foreign marketer must have, those that help generate empathy for another culture are the most valuable. Each of the cultural elements is explored in depth in subsequent chapters. Specific attention is given to business customs, political culture and legal culture in the following chapters.



## chapter 4 cultural dynamics in international marketing

### questions

- 1 Which role does the marketer play as a change agent?
- 2 Discuss the three cultural change strategies a foreign marketer can pursue.
- 3 'Culture is pervasive in all marketing activities.' Discuss.
- 4 What is the importance of cultural empathy to foreign marketers? How do they acquire cultural empathy?
- 5 Why should a foreign marketer be concerned with the study of culture?
- 6 What is the popular definition of culture? What is the viewpoint of cultural anthropologists? What is the importance of the difference?
- 7 It is stated that members of a society borrow from other cultures to solve problems, which they face in common. What does this mean? What is the significance to marketing?
- 8 'For the inexperienced marketer, the "similar-but-different" aspect of culture creates an illusion of similarity that usually does not exist.' Discuss and give examples.
- 9 Outline the elements of culture as seen by an anthropologist. How can a marketer use this 'cultural scheme'?
- 10 What is material culture? What are its implications for marketing? Give examples.
- 11 What are some particularly troublesome problems caused by language in foreign marketing? Discuss.
- 12 Suppose you were requested to prepare a cultural analysis for a potential market. What would you do? Outline the steps and comment briefly on each.
- 13 Cultures are dynamic. How do they change? Are there cases where changes are not resisted but actually preferred? Explain. What is the relevance to marketing?
- 14 How can resistance to cultural change influence product introduction? Are there any similarities in domestic marketing? Explain, giving examples.
- 15 Defend the proposition that a multinational corporation has no responsibility for the consequences of an innovation beyond the direct effects of the innovation such as the product's safety, performance and so forth.
- 16 Find a product whose introduction into a foreign culture may cause dysfunctional consequences and describe how the consequences might be eliminated and the product still profitably introduced.

### further reading

- Nigel Holden, *Cross-Cultural Management*, 2002, Harlow: Prentice Hall (Chapter 2).
- Allan Bird and Michael Steven, 'Toward an emerging global culture and the effects of globalization on obsolescing national cultures', *Journal of International Management*, 2003 (9), pp. 395-407.
- Leonidas Leonidou, 'Product Standardization or Adaptation: The Japanese Approach', *Journal of Marketing Practice: Applied Marketing Science*, 1996, 2(4), pp. 53-71.

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- 1 Gary P. Ferraro, *The Culture Dimension of International Business*, 2nd edn (Englewood Cliffs, NJ: Prentice-Hall, 1994), p. 17.
- 2 Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (London: Penguin, 1996).
- 3 Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill, 1991), p. 5; see also other publications by Hofstede, e.g. *Culture's Consequences: Comparing Values, Behaviours, Institutions and Organisations Across Nations*, Thousand Oaks: Sage, 2001.
- 4 Nigel Holden, *Cross-Cultural Management*, 2002, Harlow: FT Prentice Hall, pp. 21-2.
- 5 Cited in: Jean-Claude Usunier, *Marketing Across Cultures*, 2nd edn (Hemel Hempstead: Prentice Hall, 1996), pp. 78-9.
- 6 Lawrence Rout, 'To Understand Life in Mexico, Consider the Day of the Dead', *The Wall Street Journal*, 4 November 1981, p. 1; and John Rice, 'In Mexico, Death Takes A Holiday', *Associated Press*, 20 October 1994.
- 7 Colette Guillaumin, 'Culture and Cultures', *Cultures*, vol. 6, no. 1, 1979, p. 1.
- 8 Melvin Herskovits, *Man and His Works* (New York: Knopf, 1952), p. 634.
- 9 'Designer Apologizes to Muslim', *The Wall Street Journal*, 21 January 1994, p. A-8.
- 10 For an interesting article on folklore in Malaysia, see M.S. Hood, 'Man, Forest and Spirits: Images and Survival Among Forest-Dwellers of Malaysia', *Tonan Ajia Kenkyu*, March 1993, p. 444.
- 11 See, for example, R.W. Scribner, 'Magic, Witchcraft and Superstition', *The Historical Journal*, March 1994, p. 219.
- 12 For a comprehensive business guide to cultures and customs in Europe, see John Mole, *When in Rome* (New York: Amacom, 1991).
- 13 For other examples of mistakes, see David A. Ricks, *Blunders in International Business* (Cambridge, MA: Blackwell, 1994).
- 14 Elizabeth K. Briody, 'On Trade and Cultures,' *Trade and Culture*, March-April 1995, pp. 5-6.
- 15 For an interesting article on cultural change, see Norihiko Shimizu, 'Today's Taboos May Be Gone Tomorrow', *Tokyo Business Today*, January 1995, pp. 29-51.
- 16 R. Linton, *The Study of Man* (New York: Appleton-Century-Crofts, 1936), p. 327.
- 17 See, for example, Denise M. Johnson and Scott D. Johnson, 'One Germany ... But Is There a Common German Consumer? East-West Differences for Marketers to Consider', *The International Executive*, May-June 1993, pp. 221-8.
- 18 Chris Halliburton and Reinhard Hünerberg, 'Executive Insights: Pan-European Marketing - Myth or Reality?' *Journal of International Marketing*, 1993, 1(3), pp. 77-92.
- 19 For an interesting text on change agents, see Gerald Zaltman and Robert Duncan, *Strategies for Planned Change* (New York: Wiley, 1979).
- 20 For a comprehensive look at this issue, see S. Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestlé and the Infant Formula Controversy* (Boston, MA: Kluwer Academic, 1994).