

Marketing in the Time of Cultural Diversity

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Abstract

Globalization has raised various issues in the area of management. One aspect which has gained attention of academia and industry while going global is that of 'culture'. At times even the best of the business houses have failed when they ventured in different markets. And the foremost factor is the ignorance of cultural context in which they are planning to business. Every geography and society has its own cultural hues. The disconnect between an organization's cultural soul and that of the market in which it is operating can create damaging conflict. Due to this reasons cultural dimensions whether in the form of Hofstede Model or exclusive studies conducted by business houses before launching their products in a new market are understood. An in depth knowledge about a markets customs, values and traditions can be an envious competitive advantage for any multinational. 'One-size-fits-all' philosophy works no more for businesses operating across countries. The trend has changed from being global or just local to become glocal. Whether it is about devising products or drafting communication message for a brand, marketing strategy and efforts need to be molded according to the cultural differences. This paper aims to explore how marketing endeavors in the form of product, pricing, promotion and distribution have been tailored to suit and fit according to the diverse customs. A global business enterprise can afford to ignore cultural dimensions of its target market at its own peril.

Key Words: Cultural diversity, Global, Local, Glocal, Marketing

1. Introduction:

A global company working across different countries must have experienced that understanding individual country differences is extremely important. These differences may arise on the basis of varied attitudes, behaviors or cultures. Due to these cultural differences businesses have to adopt and adapt different strategies. Every dimension of management whether it is related to human resources, financial management, operational management, organizational management or marketing management gets affected by cultural nuances of a geography. A company which is planning to venture in some new territory cannot assume that strategies it had adopted at one place could prove effective in another also. The best of the marketing efforts could go waste without understanding local ethos of a region. In fact knowledge about the cultural norms of target market or audience can actually make marketing efforts quite cost-effective. A business needs to be extremely sensitive about what is culturally acceptable and what is not about a country to gain local acceptance. Therefore, to check that a business strategy is fit enough to survive in cross-cultural settings is extremely important. The complexities which cultures pose cannot be handled by 'one size fits all' approach. In this perspective, the success of McDonald's is a good case. McDonald's menu alters as per the region in which this Fast Food giant operates. Mc D devises its strategies and executes them after a vigilant understanding of the tastes of the local consumers of a territory. It changes the taste of its products or food items in

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tune with the demand of the local people and this has helped it to gain a hold in the international market. It even takes care of the religious sentiments of the target market as it had to forego with its beef burger when it entered Indian markets.

Unfamiliarity of environmental cultural differences could be extremely dangerous for a business. So many cultural factors influence customer's response towards a company's offering e.g. it could be a sense of pride in one's government that people there might be more pro towards products coming from some government sponsorship; religious considerations might be effecting customer's beliefs or family values could be influencing their purchase decisions. Getting an insight about these aspects is very crucial for a business's success. Then Anglo customers might be having different sense of satisfaction or quality if compared with their Asian counterparts. So whether your target market is Anglo i.e. based out of England, Western Europe or Nordic region or Asian i.e. from India, Malaysia, China, Hongkong, Japan or from Latin countries like Italy, Brazil, Spain, Argentina is an important consideration. Keppler (2012) also emphasized that how important it has become for multinationals to devise international marketing strategies only after integrating them with cultural information of a market because business is going to come from emerging economies like Brazil, India, China and Indonesia which have contrasting cultures as compared to developed nations. Even in a single country only there could be sub-cultures, as in a study conducted in Nigeria it was found that there are differences among different cultural groups of Hausas, the Yorubas and the Ibos. Something which is considered acceptable in one group could be a cultural taboo in another. Using such information international marketers can find different hidden opportunities and also beware of certain unexpected threats (Ekerete 2001). The main reasons behind cultural differences could be: inhabitants of different cultures differ in their perceptions; those from different cultures have diverse morals and ideologies and persons from different cultures differ in their attitudes, tastes, life style, rituals and customs.

Culture: According to Howard & Sheth (1969), culture refers to the "collective mental programming which people in a society have. This means that every individual's activities are directed by his or her own culture. Culture is also seen as selective man-made way of responding to experience, a set of behavioural pattern which means that culture influences or affects motives, brand comprehension, attitudes and intention to use. Thus culture is not only a narrow view of man's activities, but extend to include all the activities which characterize the behaviour of particular communities of people—the way they eat, how they talk, look and general behavioural pattern" (p. 112).



Culture is the learnt way of living which one has inherited from being part of a group. This way of living could reflect in language, habits, beliefs, religion, food, dressing up, celebrations, family values, art, customs etc. Culture is actually a complete way of living and thinking, having certain patterns which are passed on from one generation to another. Culture is acquired by living in certain form of groups.

The culture becomes the distinguishing base of one human group from another. Due to cultural similarities the persons of a certain society respond in a similar way towards outside stimuli, thus causing formation of behavioral patterns and common habits. Therefore, from the above we can say that the salient features of culture are:

- a. Culture is Acquired: It is a phenomena which is learnt from being part of a group and is acquired by seeing other members of the group. It is not a trait with which someone is born; rather it is seen and absorbed. It conditions our mind and makes us believe whether something is right or wrong.
- b. Culture is Unique: Every culture has its own nuances which have certain traits of varying degrees—whether a society is liberal or conservative, whether it accepts something as moral or not.
- c. Culture is Shared: Culture has to be shared among different members of group and could not be an individual opinion. One's attitude or individual taste cannot be called culture. It has to be possessed and validated by many.
- d. Culture Causes Commonness: Due to cultural similarities common habits, language, customs and communication norms come into effect.
- e. Culture is Dynamic: Culture cannot be presumed to be stagnant, although it gets passed on from one generation to another. The changes in culture come gradually, as the habits and lifestyle of baby boomers are quite different from those of Generation Y. A business needs to take this into consideration.

2. Cultural Dimensions

The most well accepted theory for cultural dimensions is the 'Hofstede Cultural Dimension Theory' (Jenner et al. 2008). This theory gives a framework for understanding cultural differences (Hofstede 1984). The Hofstede Model proposes four dimensions along which culture could be analyzed, these are: individualism-collectivism; uncertainty avoidance; power distance (strength of social hierarchy) and masculinity-femininity (task orientation versus person-orientation). Later on a fifth dimension called long term orientation was also added. Various cross-cultural studies aiming to understand and develop strategies for different cultures use this model as a base. The five dimensions of this model are explained as follows:

Power Distance Index: Power distance means degree to which the less powerful people of institutions and organizations accept the unequal distribution of power. Cultures which approve low power distance recognize power relations that are more democratic and independent.

Individualism vs. Collectivism: It means the extent up to which members are incorporated in groups. In individualistic cultures, the focus is on individual accomplishments and rights. Individuals are supposed to stand for themselves whereas in collectivist cultures, individuals behave mainly as members of cohesive groupings; they have strong loyalties towards their groups and families and thus decisions are taken by keeping everyone in mind.



Source: Hofstede 1984

Uncertainty Avoidance Index: It reflects a culture's tolerance towards ambiguity and uncertainty. It conveys the degree to which those belonging to a society try to cope with the stress by reducing uncertainty. Persons belonging to cultures with high uncertainty avoidance are emotional, where as individuals from low uncertainty avoidance cultural backgrounds accept amorphous situations or environments. They prefer to work with less rules and are very pragmatic and tolerant.

Masculinity vs. Femininity: This depicts the sharing of affective roles among the genders. Values of masculine culture are: assertiveness, competitiveness, materialism, power and ambition and that of feminine are quality of life, care and relationships. In masculine societies, the gender role differences are more pronounced.

Long-term orientation Vs Short Term: It is also referred to as: Confucian dynamism, which depicts time horizon of societies. Long term societies put more stress on future. They cultivate practical values like savings, hard work and adaptation where as in short term society's focus is on enjoying the present.

3. International Marketing Mix and Culture

A company going global cannot afford to ignore the cultural nuances before strategizing its marketing mix components. The examples are abundant where lack of local insight has doomed the global giants. To understand these cultural nuances designers need to explore the target market's history, language, belief, values, religious orientations, geographic and climatic constraints, aesthetics and customs. Therefore, marketers need to become corporate anthropologists to see the devil in the details (Chavan et al. 2009). The fact is that how well marketing strategies interact with cultural dimensions of a market determine the success or failure of a business.

Product and Culture:

Markets are becoming more and more global but please do not forget that consumers are still very local. The temptation to tap the emerging economies' markets is huge but a successful business enterprise is one which is able to understand and design and innovate its offerings according to the cultural contexts of these markets (Trout 2006). The seduction to standardize production is huge due to cost and supply chain constraints, but the examples of doomed ventures teach us to gain an insight into differences in the cultures of different markets and

customize their production accordingly. Like earlier mention the attraction of 'emerging markets' is tremendous due to untapped consumption potential. 'Emerging Markets' is term used to refer to those economies which are not fully developed but have a vital middle class which can offer a very good market to goods and services coming from developed nations. But many marketers failed to understand the cultural difference people have in these markets before launching their products and thus suffered losses. For example, Kellogg's did not make an effort to do proper market research that how Indians do their breakfast when they came to India and failed to capture market earlier. A simple thing, that an Indian would prefer hot milk over cold milk in his breakfast unlike a consumer having breakfast in Michigan. Thus its cereals could not tolerate hot milk and turned into wet papers, hence putting off the consumers in India. Later on the company realized its mistake and redesigned its corn flakes for Indian breakfast habits (Bhaba 2005). Therefore, before venturing with their offerings in new markets, enterprises should look for answers to some basic market research questions like: will their offering lead to improvement in the lives and lifestyle of their target market; will their offering's function, design and content would be in sync with their cultural norms? So, product designers need to have a different approach towards their target markets, so that they can come up with such offering which truly enrich their consumers' lives by keeping in mind their cultural uniqueness. Another interesting example is of Whirlpool, which failed to sell its washing machines in India, the reason was a gap of a millimeter width in which the fine saris, silks, *lungis* of Indian consumers used to get entangled and shred away. On realizing their mistake Whirlpool restructured and redesigned its product. For Chinese markets also they designed washing machines with aesthetically appealing exteriors as in China people display their washing machines in living rooms as a status symbol (Bhan 1990). To gain such insights companies should rely on local expertise and then merge it with their business models. But there are sub-segments into broad market segments also. Like in India, where there are people who can afford luxuries to those who fall below poverty line (Bijakpur, 2008). Another example is of Nokia, which always design its products after thoroughly understanding the cultures and habits of its target markets e.g. for emerging markets it has dust-resistant handsets, as customers there use more of prepaid facility so they even put a pre-paid amount tracker in their handsets and as they understood the need of rural Indian customers well, so they even put a flashlight in handsets (Desai 2008).

Promotion and Culture:

Cultural differences are needed to be taken care of while developing global market communication and branding strategies. In case of advertising, depending upon the cultural orientation an advertisements promotional message could be rational or utilitarian on one hand or could be completely emotional on the other. Cultural knowledge about a region helps us to decide that whom to target and how to target. For instance, decision making is majorly controlled by males in Austria and Japan, where as it is controlled by females in case of Sweden. Then depending upon the extent of competition in a country whether to go for multi-channel communication strategy or not matters a lot. Also a very important characteristic of culture is that it facilitates communication. Reason is that people belonging to same cultural groups have same beliefs, values, language interpretations, thoughts and feelings thus making it easier to have meaningful communication. People can take out different meanings from the same message due to cultural subjectivities. In fact lack of shared culture can block the message and change the meaning of different advertisements. For instance, an American toothpaste company claimed that its customers would become "interesting" on using their product. But the advertisers did not

check that in Latin American markets the word interesting conveys getting “pregnant”. Then Dow Breweries in 1963 launched a beer in Canada in Quebec, which was named “kebec” and its promotion included the Canadian flag, tried to bring to mind patriotic pride. But the promotional strategy failed when local activists became anti due to the “blasphemous” use of “holy” symbols. Then in another ad, promoters overlooked the social norms and thus failed: a telecom company attempted to add in a Latin essence in its advertisement by taking Puerto Rican celebrities. In the commercial, the wife told her husband, “to immediately call up Mary and inform that they will get late. This advertisement had two main cultural mistakes. One a Latin wife hardly ever has the courage to order her spouse and most of the Latin would hardly bother about time or getting late. At times a brand name which invokes images of reliability and quality in one language could have extremely negative implications in another. For example, an Iranian company selling razors had a brand name called “Tiz,” which in Persian means, but when the company selling the razors to close by Qatar, it realized that “tiz” was a slang word for “buttocks” and it was a very offensive name for the residents. Because of this reason the Iranian company failed there. In another example an American automobile company names its car Matador but it failed in Puerto Rican markets as there the word meant ‘killer’. The above examples show that a standardized promotional strategy could fail in foreign markets. The interaction of the marketing efforts with culture decides the success of a product. Promotion and advertising need exceptional attention as they play a prominent role in the communication of benefits and product concepts to the target markets.

Pricing and Culture:

Maxwell (2001) studied a model to understand cross-cultural effect on price/brand perception. The author through focus group approach studied how consumption is heterogeneous across cultures. In the study it was demonstrated that middle class consumers of America are much more particular about brand and quality where as middle class consumers of India have different perception towards brands and are more concerned about economy. This difference conveys that how Indian and American consumers get influenced by brand and price for purchase decisions. Keppler (2012) divided consumer groups culturally into high-prestige and pragmatic customers. ‘High-prestige’ customers tour widely out of their native country, and have intellectual interests and taste for media but *Pragmatic* customers belong to lower strata of society and are short on material resources. It has been observed that in different cultures pragmatic customers have same behavioral and attitudinal profiles. Lots of pragmatic customers are quite particular with reference to the quality of products they purchase, even if the products fall on a low price point. Those belonging to such consumer segments don’t want to waste their meager resources on dysfunctional products. They have some peculiar tastes like watching television shows, chatting with numbers and showing interest in issues related to current news, religion, sports, movies, politics etc. Many FMCG companies like P&G and Unilever have succeeded in recent times by catering to these pragmatic customers. But there are sub-segments into broad market segments also. Like in India, where there are people who can afford luxuries to those who fall below poverty line (Bijakpur 2008). Due to these facts many companies had to redesign their pricing-strategies when they ventured emerging markets. Consumers who have gained recent affluence in emerging markets form a very attractive segment, but companies should not forget that overall living standards are lower if compared with the Western markets. In fact shoppers belonging to the upper end of the wealth pyramid show different spending attitudes if compared with developed markets. Product developers and marketers cannot afford to

miss affordability. The customers in emerging countries need uncomplicated solutions at the suitable price points. For example, when P& G launched its disposable diapers in Brazil, it launched with its high-end model and it failed to become successful. Then it came up with diapers which were less-sophisticated and were cheaper than the high-end ones and it became a huge hit (Gingrich 1999). Indian market is also one of the most price-sensitive markets in the world which has taught some very interesting lessons to big multinationals. Let's take the case of Levi Strauss which launched in 1995 its very popular American jeans to Indian markets which was priced at \$65. Due to the price they failed to face competition from their local peers and after failing badly for some three years, due to counterfeits had to alter their pricing and design strategy (Bijakpur 2008).

Distribution Strategies and Culture:

Now the distribution strategy of goods is again a very important international marketing mix element, which gets effected by the cultural differences. For instance, in case of the distribution of consumer goods the retailing and wholesaling systems have an impact, then the distribution strategy is also affected by the logistical and transport systems. The logistics, transport systems, retail and wholesale systems are different across European countries due to different legal rules. Therefore, the cultural diversity in the systems across the countries affect the strategy of distribution of goods. Like in India rural markets need different distribution strategy e.g. Coca-Cola to make its beverages successful in Indian rural markets came up with an innovative idea of providing with solar charged refrigerators as their cold drinks taste best when they are served chilled. Then for bottom of the wealth pyramid consumers sachet packaging was introduced as they could not afford big packs of shampoo etc. Then in some countries retail outlets can sell single brands only and at some multi brands could be sold. Also in certain markets certain distribution channels are closed for foreign multinationals.

4. Conclusion

Every culture has its own richness and diversity which is unique in its own sense. The success of a global venture lies in the fact that how well it understands cross-cultural differences. In fact the new paradigm for marketing suggests three R's, these are: *recognize* i.e. identify or find out if the target market is culturally different in some ways; *respect* i.e. accept and give due acknowledgment to these cultural differences, which means an organization should not become arrogant with its previous success in different market and then *reconcile* a marketer should then make an effort to reconcile these differences with its marketing mix efforts.

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