Global Marketing

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Chapter 3

Evaluating Cultural and Social Environments

The importance of cultural diversity

- While globalization is a strong force for the spread of ideas around the world, there still exists a **great deal of cultural diversity** among regions and individual countries and even within countries.

- **Differences in languages, also inside a country**: it is the case of Spanish and Mandarin

- Differences in **traditions, conception of ethics, interaction with the environment, eating habits**.

- **Ignoring cultural differences** between countries has been cited as one of the causes of many **business failures**.

D&G Gaffe in China

China 2° country for D&G

30% of revenues

Chinese people deemed it as a racist attempt to portray Chinese people as unsophisticated and ignorant of world cultures.

D&G issued another video with both founders apologizing in Mandarin to the Chinese people and promising to "try harder to understand and respect Chinese culture."

Spanish-speaking in the US and Top Spanish Speaking Countries

Country Name	Spanish Speaking Population	% of Spanish Speakers in World
Mexico	109,955,400	24.30 %
Colombia	45,013,674	9.95 %
United States	44,321,038	9.80 %
Argentina	40,677,348	8.99 %
Spain	40,491,051	8.95 %
Peru	29,180,899	6.45 %
Venezuela	26,414,815	5.84 %
Chile	16,454,143	3.64 %
Ecuador	13,927,650	3.08 %
Guatemala	13,002,206	2.87 %

What is Culture?

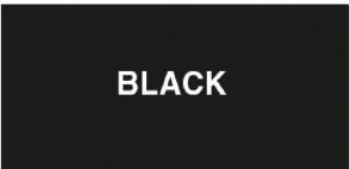- Culture is a notoriously **difficult term to define**. In 1952, the American anthropologists, Kroeber and Kluckhohn, compiled a list of 164 different definitions.

- For instance, a country's culture has been defined as **"the collective programming of the mind that distinguishes the members of one group or people from another"**.

- A broad view of culture is that it encompasses all **value systems of a nation**.

- Many cultural elements can be **depicted as an "iceberg"**:

  - some are above the surface, (**"surface culture"**), the tangible aspects, those that can be seen, heard and touched.

  - however, most elements of culture are below the surface (**"deep culture"**), such as values, orientation toward time and space and non-verbal communication, many of which have hidden meanings, understandable only to cultural insiders.

Elements of culture

- National character Values
- Time orientation
- Space orientation
- Architecture
- Perception
- Thinking
- Language
- music
- art
- Colors
- Non-verbal communication
- Behavior
- Social groupings and relationships

Culture and colors

RED

Australian Aboriginals: Land, earth
Celtic: Death, afterlife
China: Good luck, celebration
India: Purity
South Africa: Color of mourning
Russia: Bolsheviks and Communism
North America: Danger, love,
passion, excitement
Middle East: Luck, good fortune

BLUE

China: Immortality
Iran: Color of heaven and
spirituality, mourning
North America: Trust, soothing
Scandinavia: Cleanliness
Ukraine: Good health
South Africa: Happiness
Israel: Holiness

GREEN

China: Green hats imply a man's
wife is cheating on him, exorcism
India: Islam
Ireland: Symbol of the entire
country, religious (Catholics)
Islam: Perfect faith
Japan: Life
Europe/US: Environmental
awareness
Malaysia: Danger

YELLOW

China: Nourishing, royalty
Egypt: Mourning
India: Merchants
Japan: Courage
Italy: Summer
Mexico: Mourning
South Africa: Wealth

BLACK

Australian Aboriginals: Color of
the people
China: Color for young boys
Thailand: Bad luck, unhappiness,
evil
US/Europe: Mourning, death
Nigeria: Ominous

WHITE

China: Death, mourning
India: Unhappiness
Japan: White carnation
symbolizes death
US/Europe: Marriage, peace,
holiness
India: Unhappiness
Middle East: Status, peace

Culture and architecture

Culture embedded in Architecture (China and Germany)

© Author's Photos

The concept of national character

- 'National character' assumes that **each country has its own character**
- People from a given nation share **common behavioral patterns** that are distinct from other nations
- Perceptions of national character are often based on
  - **indirect experience**
  - Can be **inaccurate**
  - Clouded by **racism, ethnocentrism and discrimination**

  NO STEREOTYPES BUT SOCIOTYPES (based on ethnographic work)

- National character studies **do not explain or predict individual consumer behavior** but they can explain **aggregate consumer behavior**

- The most important **frameworks used to study national characters** are:
  - **Hofstede**
  - **Schwartz**
  - **Trompenaar**
  - **GLOBE**

Early conception of National Culture

D	d E	e F	f
DUTCHMAN Industrious and bardy, cleanly in their persons, ships and houses.	ENGLISHMAN Generous and affable, desirous of liberty in the greatest extent.	FRENCHMAN Of a changeable disposition, and fond of amusement to excess.	
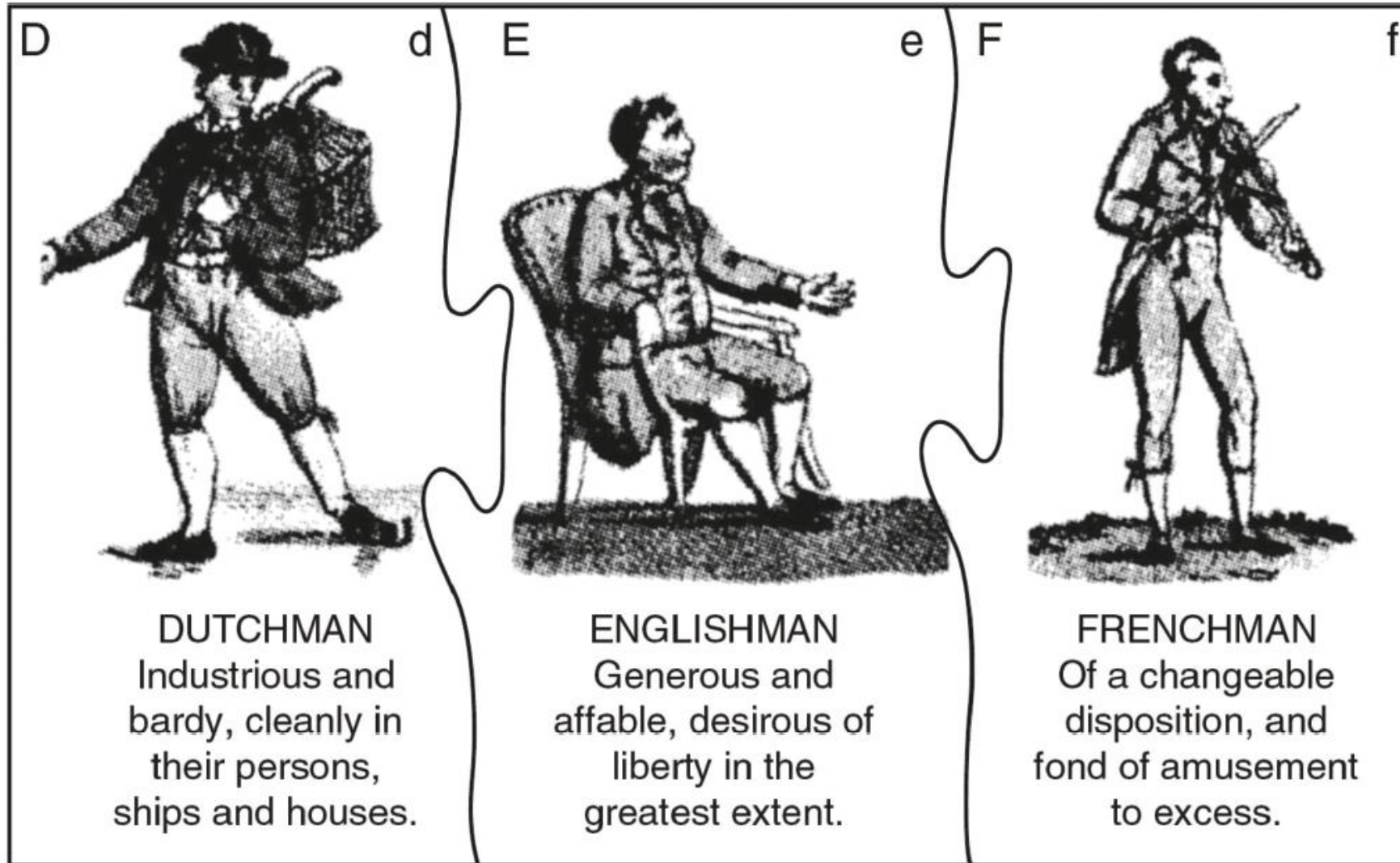
Perceptions of national character may be based more on stereotypes than on reality,

Source: Darton, W. (1790). *Inhabitants of the World.*

The role of subcultures

- Subcultures develop around a **shared characteristic that is different from the predominant national culture**.

- This shared quality among the members of a subculture can be anything from a different **ethnic background, religion, language or a demographic factor**, such as age and gender, to a **shared interest, vision of the world, lifestyle**

- What is often referred to as a company's "**corporate culture**," is also a subculture that exists predominantly in the business world.

- Subcultures often **transcend national borders and cultures**, especially in today's interconnected world.

Hofstede's Cultural Orientations

Cultural Orientations	Contrasts Across Cultures
Concepts of the Self and Others Individualism vs. Collectivism	The relationship between an individual and the group. Efforts and achievement are best accomplished by the individual or solved by the group.
Interaction with others or for others Masculinity vs. Femininity	Assertiveness and personal achievement are favored (masculinity) versus caring for others, adopting nurturing roles and emphasizing quality of life (femininity).
Dealing with Uncertainty Uncertainty Avoidance	Tendency to avoid risks (high uncertainty avoidance), to prefer stable situations, uncertainty reducing rules and risk-free procedures, which are seen as a necessity for efficiency. Or, conversely, a risk prone attitude (low uncertainty avoidance) where people as individuals are seen as the engine of change, which is perceived as a requirement of efficiency.
Equality or Inequality in Interpersonal Interactions Power Distance	Hierarchy is strong, power is centralized at the top (high power distance); power is more equally distributed and superior and subordinates have a sense of equality as human beings (low power distance).
Virtue Regardless of Truth Long-Term versus Short-Term Orientation	Values associated with Long term Orientation are thrift and perseverance; those associated with Short Term are respect for tradition, fulfilling social obligations and protecting one's "face".
Facilitation of Human Needs Indulgence versus Restraint	Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms

Source: Adapted from Usunier, J. (2000), *Marketing Across Cultures*. Harlow: Pearson Education http://www.geert_hofstede.com/

Hofstede's Cultural Dimensions

Feminine, Collectivist	Collectivist, Masculine
Korea, Thailand,Chile, Costa Rica, Bulgaria, Russia, Portugal, Spain	China, Japan, Mexico, Venezuela, Egypt, Jordan, Syria, Greece
Individualist, Feminine	**Individualist, Masculine**
France, Netherlands, Scandinavian countries	Hungary, Poland, Slovenia, United States, UK, Australia, Germany, Austria
Small PD, Weak UA	**Large PD, Weak UA**
US, UK, Australia, Denmark, Sweden, Norway	China, India
Small PD, Strong UA	**Large PD, Strong UA**
Germany, Austria, Hungary, Israel	Egypt, Jordan, Syria, South Korea, Japan, Latin America

H&M love for all

- the sweeden fashion retailer H&M introduced Love for All campaign and collection for Pride month in 52 of its 72 countries
- not in Malaysia; Kuwait, arabian countries….
- countries where the same sex relationship are a cultural taboo

The Schwartz Value Survey

- Four dimensions:
  1. Openness to change (autonomy vs. conformity)
  2. Self transcendence (self-direction)
  3. Conservation (tradition)
  4. Self enhancement (achievement, power)

- One advantage of the Schwartz Value Survey is that **it can measure individual value differences**.

- Researchers have utilized Schwartz **to study consumer behavior, particularly for segmentation and advertising**.

Trompenaars's dimensions

- Each culture has its own **way of thinking**, its own **values and beliefs**, and **different preferences** placed on a variety of different factors.

- Trompenaars and Hampden-Turner concluded that what distinguishes people from one culture compared with another is where these preferences fall in one of the following **seven dimensions**:

  - Universalism versus particularism
  - Individualism versus communitarianism
  - Specific versus diffuse
  - Neutral versus emotional
  - Achievement versus ascription
  - Sequential time versus synchronous time
  - Internal direction versus outer direction

Global Leadership and Organizational Behavior Effectiveness - The GLOBE Model

- The Globe research group has clustered countries on the basis of shared similarities among **social and psychological variables such as attitudes, values and work goals**.

- Sixty-one nations have been grouped into **10 clusters** on the basis of nine cultural dimensions, five of which have similar definitions to those of Hofstede.

- Like Hofstede, respondents included middle managers. However, unlike Hofstede, these managers were selected from 825 organizations (rather than focusing on one organization) in the 61 countries sampled.

- The Globe and Hofstede clusters are similar, however, there are **differences in scale ratings between the two frameworks**. Power Distance was rated higher in the Globe survey, while Uncertainty Avoidance and Long-Term (future) orientation was rated lower in Hofstede's sample than by Globe.

GLOBE cultural dimensions

Uncertainty Avoidance	The extent to which members of an organization or society strive to avoid uncertainty by reliance on social norms, rituals, and bureaucratic practices to alleviate the unpredictability of future events.
Power Distance	The degree to which members of an organization or society expect and agree that power should be unequally shared.
Societal Collectivism	The degree to which organizational and societal institutional practices encourage and regard collective distribution of resources and collective action.
In-Group Collectivism	The degree to which individuals express pride, loyalty and cohesiveness in their organizations or families.
Gender Egalitarianism	The extent to which an organization or a society minimizes gender role differences and gender discrimination.
Assertiveness	The degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.
Future Orientation	The degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification. (Includes the future oriented component of the dimension "Confucian Dynamism" of Hofstede and Bond (1988).
Performance Orientation	The extent to which an organization or society encourages and rewards group members for performance improvement and excellence.
Humane Orientation	The degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring and kind to others. (Similar to the dimension "Kind Heartedness" by Hofstede and Bond (1988).

10 Cultural Groups of Countries (GLOBE Research)

Cultural Group	Countries
Anglo	Australia, Canada, England, Ireland, New Zealand, South Africa, United States
Confucian Asia	China, Hong Kong, Japan, Singapore, South Korea, Taiwan
Eastern Europe	Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, Slovenia
Germanic Europe	Austria, Germany, Netherlands, Switzerland
Latin America	Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Venezuela
Latin Europe	France, Israel, Italy, Portugal, Spain, Switzerland
Middle East	Egypt, Kuwait, Morocco, Qatar, Turkey
Nordic Europe	Denmark, Finland, Sweden
Southern Asia	India, Indonesia, Iran, Malaysia, Philippines, Thailand
Sub-Saharan Africa	Namibia, Nigeria, South Africa, Zambia, Zimbabwe

Source: Adapted from GLOBE. https://globeproject.com/results#cluster [accessed July 6, 2019].

Business implication for Different Culture and Distance

Culture Concept	Explanation	Examples
Cultural distance	Difference has a negative effect that poses a barrier to international business activities	Entering new markets and designing new products for very distant countries implies larger **difficulties in doing business and higher adaptation costs.**
Cultural diversity	Difference has a positive effect that enhances relationships and operations	Product development efforts often benefit from **cross-cultural teams where different ideas, values, and backgrounds benefit creativity.**
Cultural friction	Friction arises from situation-specific contact between organizations and does not yield positive or negative consequences per se.	**Organizations may choose different forms of market entry modes**, where joint ventures or mergers are likely to create higher friction that export-based forms of entry. However, higher friction may not automatically be detrimental but could also result in new businesses and strategies.
Cultural positions	Organizations may have different positions on cultural dimensions (low-high) and these positions determine their relationship	**Managing headquarters-subsidiary relationships may be** influenced on how partners' positions on their cultural dimensions are. For instance, if both score high on uncertainty avoidance, a stricter regulation and control system may be appreciated and executed.

Measuring Cultural Intelligence

- Global organizations have come to rely on the concept of **intercultural competence** to assess the ability of their employees to work in highly diverse, cross-cultural or multicultural environments, as some individuals and teams adjust better than others when cultural diversity and cultural distance are added to the mix.

- The need to evaluate one's adaptability to working with people from different cultures has resulted in many tools and models of measurement:
  - Global mindset Inventory (GMI)
  - Global leadership online (GLO)
  - Global competencies Inventory (GCI)

- The **business cultural intelligence quotient (BCIQ)** is a model specifically designed **to measure a person's ability to perform in culturally diverse business environments.**

- BCIQ and tools like it play a key role in the efforts to identify and develop **competent global talent** that can effectively lead the kind of culturally and geographically dispersed teams that are increasingly common in today's business environment.

Culture and communication

- **An important component of culture** and means to overcome cultural distance **is the way people communicate with each other**.

- In addition to verbal communication, there is a **variety of means by which people can transfer meaning**.


Relationships Matter in India

© Author's Photos

Verbal versus Non-Verbal Communication

- The spoken word, or **verbal communication**, is often believed to be the dominant form, yet it has been estimated that between 50 and 90 percent of communication is non-verbal.
- However, **body language can be misunderstood, and gestures have different meanings in different cultures**. It is sometimes difficult to understand each other even with a common language.
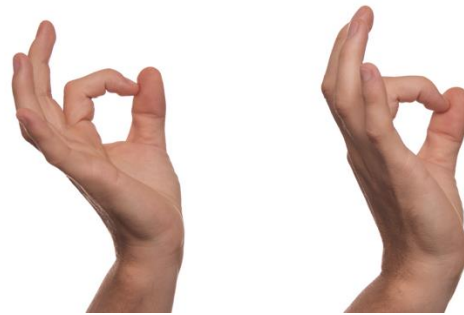
A circle means OK in the United States, but in Japan it signifies money, in Germany it is obscene, and impolite in Russia

The middle finger implies an insult in most Western countries.

The two fingers are often used to symbolize „victory" or success. However, they are also considered as insult or American dominance.

Example of Non-verbal Communication
Source: www.pixabay.com (free photos).

Time Orientation

- . Both **high and low-context cultures can be distinguished by their relation to time**.

- Low context cultures are generally **monochronic** ("doing one thing at a time"); time is important and regulates how things are done.
  - For example, it is more important to stick to the agenda of a meeting, and use Gantt charts to plan and control projects.

- On the other hand, **polychronic** ("doing a number of things at the same time") cultures are much less time oriented and therefore, less organized.
  - Interrupting a speaker at a meeting is taken as a sign of interest, rather than rudeness.
  - Arriving 10-15 minutes late for a meeting in a monchronic culture requires a slight apology, while the same sort of apology in a polychromic culture would be the thing to do only if one arrives an hour after the scheduled time.

- In certain cultures, **orientation to time may not be a dichotomy**.
  - For example, the Japanese tend to use both styles. In technology and dealings with foreigners they tend to be mono-chronic, while poly-chronic for personal relations
  - what about Italian culture??

Monochronic and polychronic cultures

What to do if you are late		
	If late in a monochronic culture	**If late in a polychromic culture**
Whisper an excuse	5-10 minutes	45-60 minute
Make an apology	10-15 minutes	60+ minutes
Have a good excuse	15+ minutes	90+ minutes

Source: Compiled by authors.

Some Differences Between Monochronic and Polychronic Action		
Factor	**Monochronic Action**	**Polychronic Action**
Actions	Do one thing at a time	Do many things at once
Focus	Concentrate on the objective or task	Are easily distracted
Attention to time	Plan when things must be achieved	What will be achieved is more important than when
Priority	The task comes first	Relationship comes first
Respect for property	Seldom borrow or lend things	Borrow and lend things often and easily

Source: Adapted from Hall, E.T. (1959). *The Silent Language*. New York. Doubleday.

Space and distance

- Another **aspect of non-verbal communication** is its relation to space.

- three types of space, **fixed**-feature and **semi-fixed**, **the way in which people organize things**, such as homes and offices.

- Another form of space relates to **distances between people**, or personal space.

- the distance required between people depends not only on the culture, but **also on the situation**.

  - Situational distances depend upon whether people meeting each other are acquaintances or strangers, whether the meeting is formal or informal.

  - Generally, distances are greater between strangers during formal meetings.

  - Body contact: in high-contact cultures such as those of Latin America and the Middle East, people maintain close distances between each other, as opposed to those of low-contact cultures, in which the opposite is true.

    pandemic reduced these differences….

Global customers: China

- Many Western companies view **China as the world's largest market**. Companies often tend to think of China in terms of a simplistic, arithmetic calculation. However, many marketers have **overestimated** the market in China.

- China has long been **known as the 'factory of the world' with low-cost manufacturing and increasing export rates of cheap products**. But policymakers in Beijing want to break China's dependence on foreign technology, moving **from a model of 'made in China' to one of 'innovated in China'**.

- China in **not a unified consumer market**. Today it is a collection of many different consumer archetypes, groups of consumers with different preferences and behaviors.

- Challenges with **distribution and logistics**.

- Chinese consumers rely on **advertising for different information**:

  - The Chinese middle class that is quickly acquiring the needs and wants of its counterparts around the world, is also more receptive to traditional product branding messages.

  - The majority of the Chinese consumers expect to learn more basic information about a product from its ads and labels. Adaptation of product packaging and marketing campaigns is very important as ever in China.

  - Chinese people are reluctant to pioneer.

Global customers: India

- **Population of over one billion**. Some population experts predict that India will overtake China, which had a one-child policy until recently, as the world's largest country by the middle of the century.

- **Income within the country is polarized**. One of the widest income disparities in the world between the poor majority and the rich elite .India has hundreds of millions of poor people. Many of these people, an estimated 70 million, live close to or **below the US$2 a day poverty line**.

- India also has pockets of prosperity in cities such as Bangalore, the Indian Silicon Valley, where the **software industry** is localized. The low salaries vis-à-vis the United States and the availability of real-time communication links, many U.S. companies have sourced or opened offices in India for software development and export.

- Based on this feverish economic growth, many compare India to the other emerging economic giant in Asia, China. However, there are some signs (rising inflation, dismal infrastructure, corruption, etc.) that India will have a **harder time keeping pace with its rival**, China.

- Nevertheless, given India's **enormous market size** and its current relatively small, but **growing middle class**, marketers should consider its potential and the opportunities presented in this underserved market.

- The 4 billion people that live on less than $2 a day (**Bottom of the Pyramid**) represent tomorrow's 4 billion consumers if only they are offered products and services that fit the poor's special needs and purchasing patterns