

Samenvatting

International & cross
cultural marketing

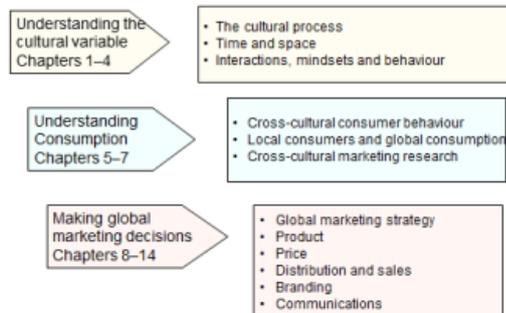
Domien Vanhille

International and cross cultural marketing

→ Exam – Open questions + multiple choice questions (12 points)

→ Group assignment (8 points)

Overview:



Chapter 1: The cultural process

Culture has taken a more prominent place in marketing in the 21^e century. Market growth in well-developed countries has slowed, and attention has turned toward emerging markets, where the potential is enormous.

The understanding of other cultures is often very limited. It forces us to rely on stereotyped ideas. Accordingly, international marketers often resort¹ to using country or nation-states as primary segmentation bases, because borders are easily definable. However, few nations are homogeneous, and many have distinct ethnic, linguistic and religious groups that need to be considered. **Culture is complex!**

International marketing gives a prominent place to culture, but not everything is culturally driven. Individual behaviour is influenced, but not determined, by culture. It's only **one of the many layers** that influence behaviour.

This chapter focusses on the cultural process and the elements of culture that are likely to impact international business operations.

Why studying cross cultural marketing?

Ingroup = The group with which an individual identifies
Outgroup = The others

¹ To resort = Toevlucht zoeken

Explanation:

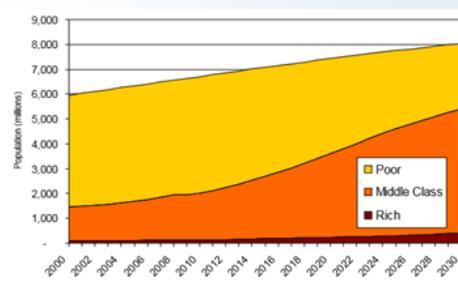
We are studying cross cultural marketing to become succesfull in other, foreign markets.

- ❖ The commercial of Fiat in the US was succesfull, so they translated the commercial in Chinese, under the assumption that it will work to in China. They also used a symbole against the principles of China. They used Richard Gere, but he was an outgroup. So they used an outgroupu to promote their product. It became a negative commercial.
- ❖ Pepsi Cola was brand leader in the South-East of Asia. Cultures give symbolics to colors. The meaning of dark blue can be very different of light blue. So, smalle differences in the design of products can have a big impact on the sales of the product.
- ❖ P&G: In Japan, a man can't enter the bathroom when his wife is taking a shower or is having a bath. In some cultures, we can approach people closely (especially in Africa) without feeling unnatrual. P&G affended² the space rules.

Some facts:

COUNTRIES	GDP	GDP YoY	GDP QoQ	Interest rate	Inflation rate	Jobless rate	Gov. Budget	Debt/GDP	Current Account	Ca
United States	18839	2.50%	2.68%	0.25%	0.98%	5.70%	-2.50%	101.93%	-2.30	
Euro Area	12739	0.80%	0.20%	0.05%	-0.60%	11.40%	-2.90%	90.80%	2.40	
China	8240	7.30%	1.50%	5.00%	0.80%	4.10%	-2.10%	22.43%	2.00	
Japan	4901	-1.20%	-0.50%	0.00%	2.40%	3.40%	-7.60%	227.26%	0.70	
Germany	3805	1.20%	0.25%	0.00%	-0.30%	4.80%	0.90%	76.90%	7.50	
France	3738	0.40%	0.30%	0.05%	0.10%	10.40%	-4.10%	92.20%	-1.30	
United Kingdom	2522	2.70%	0.50%	0.50%	0.50%	5.90%	-5.90%	90.80%	-4.40	
Brazil	2248	-0.20%	0.10%	12.25%	7.14%	4.30%	-0.63%	56.90%	-4.17	
Russia	2097	0.70%	0.04%	10.00%	15.00%	5.30%	-0.50%	13.41%	1.26	
Italy	2071	-0.50%	-0.10%	0.00%	-0.60%	12.90%	-2.80%	132.60%	1.00	
India	1677	7.30%	1.50%	7.75%	0.00%	5.20%	-4.50%	67.72%	-1.70	
Canada	1625	2.30%	0.70%	0.75%	1.50%	6.60%	-0.50%	89.13%	-3.20	
Australia	1561	2.70%	0.30%	2.25%	1.70%	6.10%	-3.10%	20.48%	-0.90	
Spain	1358	2.00%	0.70%	0.00%	-1.40%	21.70%	-6.90%	32.10%	0.90	
South Korea	1305	2.70%	0.40%	2.00%	0.90%	3.40%	-1.50%	33.80%	0.90	

A Surge in the Global Middle Class



Explanation:

The culture of India is very different of those in China. To become succesful in those countries, do we have to understnad the differences in culture.

Beer drinking behavior around the world

For Belgian people, a beer of 50cc is too much. It has a negative connotation. In Germany, it is mainstream. It is important to understand the differences in behavior. The habbits of drinking beer is different across countries. In Germany beer of 50cc is normal. The shape of the glass is also different. German associate beer of 255as beer for feminins and for not beer drinkers. There is a **complete different view** on beer.



50cc



25cc

² To affend = Beledigen

Some facts – Summary

- ❖ Growth in developed countries slows down.
- ❖ Increasing power of middle class in emerging economies.
→ Increasing importance of cross-cultural marketing!
- ❖ Behavior influenced (but not determined) by culture.
→ Which cultural processes and elements of culture impact international business.

1.0 Introduction

Cross cultural marketing is not:

- ❖ Cross border market
- ❖ Imposing uniformity. It is not trying to oblige the customers to change their habits. In the past McDonalds did that, but they learned to adapt their concept to the ideas of the country and culture.
- ❖ International marketing

It is about:

- ❖ Diversity
- ❖ Respect
- ❖ Interactions

1.1 Defining culture

Culture = The shared ideas, customs and social behaviour of a particular people or society.

→ Narrow definition

Culture = The configuration of learned behavior and results of behavior whose component elements are shared and transmitted by the members of a particular society.

→ Broader definition

This broader definition shows the view of culture as **the control mechanisms of a society** (the plans, the recipes, rules and instructions for behaviour), without which people would have difficulties to live together. This emphasizes the usefulness of culture to society and to the individual, in that everyday tasks are simplified by the unwritten rules that people understand through their participation in the society. These unwritten cultural 'rules' lead us to feel that our own cultural norms are naturally right and that other different cultural norms are unnatural or strange. For instance, we all know the generally acceptable right time to eat dinner or to go to sleep bases on our cultural norms, which makes these small everyday decisions relatively easy. However, what is considered to be the right time for these activities differs dramatically by culture and subcultures.

The inclusion of subcultures highlights the fact that multiple normative solutions to social problems are available in all countries, but the solutions are differentially preferred.

Useful to individuals (but not a characteristic) is that culture is **a set of beliefs or standards** (control mechanism), shared by a group of people, which help the individual decide what is, what can be, how to feel, what to do and how to go about doing it.

Humans share biological traits and characteristics that lead to a preference for certain solutions to universal problems in society, which are reflected in our cultural values. All alternatives of solutions are present in all societies at all times, but are differentially preferred. Every society has, in addition to its dominant profile of value orientations, numerous variant or substitute profiles.

Culture:

Variable solutions to common problems (How to find a partner for life? How to educate children? How to organize groups? How to get adequate nutrients?)

→ We don't think about it, it goes automatic.

- Available in all societies
- Differentially preferred

→ Cultural rules feel naturally right, other solutions feel strange.

For individuals, culture is a learned behavior.

- Shared and transmitted
- Necessary for functioning in a coherent society

→ Individuals are distinct.

Same problems, different solutions

- ❖ *Innate human resource* – Good, evil or mixed.
These cars are the Chinese copy of the Fiat. We relate it to something good.



- ❖ *Nature* – Subjugation (nature dominates), harmony (live with) or mastery (over nature).
- ❖ *Time orientation* – Past (build on history), present (here and now) or future (plan for future).
→ f.e. Referring to the point of establishment



- ❖ *Activity orientation* – People should be (being), do (doing) or do to be (being in becoming).
- ❖ *Relational* – Linearity, collaterality or individuality in relationships.
- ❖ *Space* – Private, public or mixed.

→ Zie ook slides!

Operational culture – Link between individual and society

Cultural frame

= A set of shared beliefs to help individuals decide the unwritten rules...

- What is?
 - What can be?
 - How to feel?
 - What to do?
 - How to do?
-

Frame switching

= Individuals can choose the 'culture' in which to interact at any given moment or in a given situation.

Questions about frame switching:

- ❖ When you are on holidays, do you alter your habits?
- ❖ Frame switching: Individual differences. Which (beer) brands do you consume in other countries?

→ Zie ook slide 30!

It is important to understand the role that culture plays in the functioning of society and individuals within society, it is also important to understand that individuals have **a role in the evolution** of their society. The role of the individual with respect to society is a double one. Under ordinary circumstances, the more perfect his conditioning and consequent integration into the social culture, the more effective his contribution to the functioning of the whole and the surer his rewards.

However³, societies have to exist and function in an ever-changing world. The ability of our species to adjust to changing conditions and to develop ever more effective responses to familiar ones rest upon the residue of individuality which survives in every one of us after society and cultural have done their utmost.

There are **limits** to the cultural programming that society can impose on an individual. No matter how carefully the individual has been trained or how successful his conditioning has been, he remains a distinct⁴ organism with his own needs and with capacities for independent feeling and action. He remains a considerable degree of individuality.

So, individuals are **not simply programmed** by their culture. They are free to adopt⁵ or adapt⁶ the accepted norms of their culture to suit their needs. **Social representations** are forms of operational knowledge, which helps us to categorize and interpret circumstances, phenomena, individuals and theories and enable to make daily decisions. They are constantly updated through our behaviour and social activities, or as a result of the media, public opinion polls, new summaries... Social representations vary across societies.

³ However = Echter

⁴ Distinct = Duidelijk

⁵ To adopt = Vaststellen

⁶ To adapt = Aanpassen

Many people are operating in more than one culture or subculture, including international business professionals, immigrants and even teenagers who may switch between their parent and peer cultures.

Social representations:

- ❖ Operational knowledge for daily decisions.
- ❖ Constantly updated and adapted.
- ❖ Held by individuals, but often varies across cultures.
- ❖ Less profound⁷, because it changes far quicker (± 20 years) than cultural norms.



1.2 Elements of culture

A culture must be relatively coherent, so that the sum of its elements reinforces the knowledge, beliefs and values that are useful to its continuation. The four major elements of culture:

- 1) Language
- 2) Institutions
- 3) Material productions
- 4) Symbolic productions

A cultural item can belong to one or more of these four elements of culture. For instance, music is a language, an institution, an artistic production and also a symbolic element.

Inter-related aspects	Directions for use
❖ Knowledge	❖ Tastful
❖ Beliefs	❖ Admissible
❖ Values	❖ Ethical
❖ Arts	❖ Magical
❖ Laws	❖ Religious
❖ Manners	❖ Hygienic
❖ Morals	❖ Taboo
❖ Skills	❖ Raw material
❖ Habits	❖ Habitual
	❖ Preparation

Example - Religion and food

→ Christians, muslims, hindu, budhist, sikh, jewish...

⁷ Profound = Diepgaand

... one by one:

1) Language as an element of culture

Language is an important element of culture, because it's the primary mechanism for sharing and transmitting information between members of a particular society. It includes both explicit and implicit elements (verbal or non-verbal). It is also claimed that the language we learn in our native community shapes and structures our world view and our social behaviour, because it influences how we select issues, solve problems and act.

There are approximately 6000 languages. 389 are spoken by more than 1 million people. So most of the languages are spoken by less people.

Yes = Yes? NO?

Yes = yes
Yes = I understood
Yes = I heard you
Yes = I respect you, so I cannot say that I don't want
Yes = I respect you, so I cannot say that I don't understand you

Interpretation in high-context cultures is extremely important!

2) Institutions as an element of culture

→ f. e. ≠ Schooling systems, ≠ governments, ≠ ways how a supermarket can be organized...

Institutional elements are the 'spine' of the cultural process that **links the individual to the group**. Institutions include the family, political institutions, or any kind of social organization that encourages an individual to comply with rules in exchange for various rewards (being fed, loved, paid...). These rules are not static and individual may also act as a proactive agent of change within an institution.

Institutions **organize people into groups**. People can be organized in many different ways. Some cultures prefer to organize people into groups that are stable, such as family and gender, others prefer to organize people into more transient groups⁸, such as their occupation⁹ or those with common interests.

So in fact, an institution is a group of people (minimum 2) who have something in common. A family is for example an institution, because they have the same blood (in common).

⁸ Transient groups = Eindige groepen

⁹ Occupation = Beroep, bezigheid

7 universal principles around which institutions are formed across cultures

- ❖ Reproduction
The principle of reproduction integrates people around blood relationships and marriage as an established contractual framework.
- ❖ Territoriality
The principle of territoriality integrates people around common interests dictated by neighbourhood.
- ❖ Physiological
The principle of physiology integrates people around their sex, age and physical traits or defects. This includes the sexual division of labour, sex roles, the relationship patterns between age groups and the way minority members of the community are treated.
- ❖ Spontaneous
The principle of spontaneous tendency to join together integrates people around common goals. This includes various kinds of associations.
- ❖ Occupational
The principle of occupational and professional activities integrates people around labour divisions and expertise. In modern societies, this includes industry organizations, educational institutions and religious bodies.
- ❖ Hierarchy
The principle of hierarchy integrates people around ranks and status, including the nobility, the middle class and slaves or more general any kind of social class system or caste system.
- ❖ Totality
The principle of totality integrates diverse elements into a reasonably coherent whole. The political process expresses the need for totality.

Every individual belongs to **more than one level** of institution, to multiple 'organizations'.

→ Zie ook slide 37.

3) Material productions as an element of culture

The product or outputs of a society also transmit, reproduce, update and improve the knowledge and skills in a society. Primary productiona that are elements of culture are varied. They include

- ❖ Artistic productions – f.e. Music and art.
→ Cultures have different kinds of music/art.
- ❖ Intellectual productions –f.e. Books and articles.
- ❖ Physical productions – f.e. Factories, tools and machinery + the products we consume.
- ❖ Service produtions – f.e. Education, banks, media, communication.

All of these productions serve as output and also input into our culture. **Religion** defines material output in different ways.

- a) Christianity – Achievement, individualism
- b) Brahmanism (India) – Spiritualism
- c) Confucianism – Harmony, meritocracy (action, hard, work)

Belgium (= Christianity) focusses on **achievement**. We have to achieve goals and we have to do it by ourselves. We have to do and create things. The production is related to our society.

4) Symbolic productions as an element of culture

Symbolic elements of culture determine the relationship between the physical and the metaphysical world. In some cultures, the metaphysical world is present in everyday life, whereas it is denied¹⁰ in other cultures. Cultures, through religious and moral beliefs, often define whether there life after death and, if so, what kind.

Culture and religion often seem entangled¹¹, with differences between cultures that hold different religious beliefs.

Symbols are not only related tot religious and metaphysical matters. They also extend¹² into everyday life. Symbols, such as road signs, wedding rings, skull and crossbones, convey more than the object the material object itself. The interpretation of the symbol is strongly culture bound. Symbolic meaning is present in many things, like for example color, shape, labels, brands, numbers... The advantage of symbols is the quick understanding.

Example: Gender vs. Colors

Pink → Female

Blue → Male

Yellow is not associated to a gender in Belgium. In India, it is related to femal. This is social representation of values. But it is changing. The change of values does not go fast, but **slowly**: 20-30 years.

Interpreting symbols:

- ❖ 7 is bad luck in Kenya.
- ❖ 7 is good lukc in the Western Society.
- ❖ 7 is magical in Benin and Africa.
- ❖ 10 is bad luck in Korea.
- ❖ 4 is related to death in Japan;
- ❖ Red represents witchcraft and death in many African countries, but is positive in Denmark.
- ❖ Avoid triangular shapes in Hong Kon, Korea and Taiwan. It is a negative shape.

¹⁰ To deny = Ontkennen

¹¹ Entangled = Verweven, verweekeld

¹² Extend = Uitbreiden

Culture is **a collective fingerprint of our identity**. It is made up of a coherent set of elements that complement each other. Such individual elements of culture do not exist in isolations and cannot easily be taken out of their context. Further, there are no objectively good or bad elements of a particular group, it all depends on our subjective view.

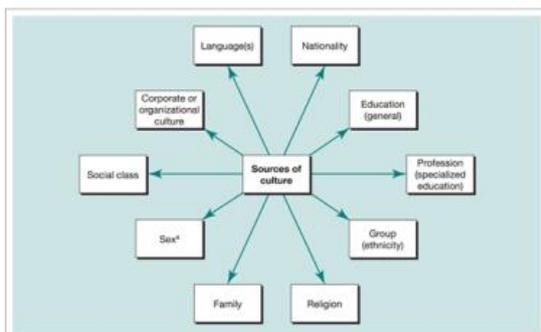
1.3 Culture and nationality

Nationality is a relatively easy way to divide individuals into larger groups. However, the relationship between nationality and culture is **unclear**. While a commonly shared culture is important in building modern nation-states, it is more fundamental at the community level. Conflicts in large countries are often based on conflicts between cultural subgroups.

Business must be especially wary of equating culture directly with nation-state, as effective communication is **crucial** to the marketing process. There is a long list of very good reasons to avoid this.

- 1) A country's culture can only be defined by reference to other countries' cultures. India is a country culture in comparison with Italy or Germany.
- 2) Many nation-states are explicitly multicultural. For instance, Switzerland has 4 official languages, including German, French, Italian and Rumantsch, which are spoken to differing extents in different regions of a country.
- 3) Political decisions, especially during the last century, have imposed the formation of new nation-states, particularly through the processes of colonization and decolonization. The borders of these new-states, were often set with little regard for cultural realities.

Figure: Culture ≠ Nationality



Explanation:

The national element is seldom the main source of culture. This picture describes the basic sources of culture background at the level of the individual. These sources combine to form cultural frames at the individual level, where a medical researcher, or computer hardware specialist, whatever their nationality, share a common specialized education, common interests, and largely the same professional culture. This professional culture is developed through common training, working for similar companies, reading the same publications...

Similarly, social class may be a distinctive source of culture, depending on the country. In France and England, social class is a very distinctive source of culture and the way one speaks immediately reveals¹³ one's social class.

So culture ≠ nationality, people don't need a nationality to define culture.

Marketing is the segmentation of the globe/market in **homogenous markets**. Firms often find it difficult to decide how to segment international markets, with some targeting transnational ethnic segments, others targeting national segments, and others targeting cross-border regional segments.

What is homogeneous?

- 1) Linguistic homogeneity
- 2) Religious homogeneity
- 3) Ethnic homogeneity
- 4) Climatic homogeneity
- 5) Geographical homogeneity
- 6) Institutional and political homogeneity
- 7) Social/Income homogeneity

The word 'homogeneity' has different meanings:

- ❖ The existence of a uniform modality throughout the whole population (f.e. only one religion, or one language) or at the very least limited diversity.
→ Uniformity (Sweden)
- ❖ An accepted diversity that is officially recognized and supported by the State. For instances, more than one official language in common use, being more or less spoken and/or understood by everybody (Canada), or several different well-accepted religions (Germany).
- ❖ A strong 'perceived homogeneity', which is built upon acceptable differences within the national community, such as people accepting large differences in wealth and income, on the basis of fatalism and indifference.

Illustration:

IKEA gives the same interior and design to all her shops, it is the same for everyone everywhere. The brand Nike gives more power to their customers. They allow them to design their own shoes.

→ Zie ook slide 44!



¹³ To reveal = Verklappen

National culture

- Hofstede
- Worlds Values Survey
- Schwartz
- GLOBE
- Trompenaars

→ They consider the nation as the most important element of a culture.

Homogeneity

- Linguistic
- Religious
- Ethnic
- Climatic
- Geographical
- Institutional and political
- Social & Income

→ Few nations are homogeneous!

Tabel – Measures of cultural coherence

1. Norway	1.4	11. Austria	5.7
2. Finland	1.9	12. Netherlands	5.7
3. Sweden	2.4	13. UK	7.0
4. Hungary	2.9	14. Switzerland	7.2
5. Slovenia	3.0	15. Israel	7.5
6. Belgium	3.6	16. Portugal	8.3
7. Ireland	3.6	17. Germany	9.3
8. Poland	4.5	18. Greece	12.2
9. Czech	5.0	19. Spain	14.9
10. Denmark	5.3	20. All 19	27.0

(De Mooij, 2009)

Explanation:

In some countries is the nation the most important element of a culture, for example in Sweden and Norway. But that is not the case for Spain and Greece. In Norway and Sweden is it possible to segment country by country but in Greece and Spain not. If they do, it can be that they are only succesful in one part of the country.

One of the important questions around culture is how it influences individuals. Some believe that culture has a distinct imprint on individuals, in that personality traits exist for which the average individual in one culture scores significantly higher (or lower) than thoses belonging to another culture. This corresponds to the idea of national character or, more precisely, the concept of a model personality.

Education & culture – Tiger Mother

Fomal education has a rol in cultural transmission, as well as the teaching of academic knowledge and skills. This can take various forms.

→ See slide 48 + HB p. 14.

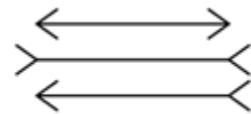
1.4 Culture, competence and stereotypes

The scores on intelligence quotient (IQ) tests are relative to the type of questions asked and the situation evoked in the verbal part of the text (reading, memorization and understanding of texts). Even the quantitative aspects of IQ tests (math, geometry, statistics, logic), require a familiarity with handling abstract and mathematical signs.

Being smart in the US is **not the same** as being smart in China. In China, being smart is only based on IQ, in the US it is broader. It is based on IQ and also on EQ.

The environment in which people live **influences the perceptions**, beliefs, attitudes and behaviour. For instance, there are clear differences in people's perception of visual illusions that are attributed to their physical environment.

The figure shows 2 equal lines. American people perceived these lines as equal, whereas people from Africa perceived it as inequality. This difference is attributed¹⁴ to exposure to recurrent features of our physical environment, with the emphasis on straight lines and sharp angles in a constructed environment and more rounded and curvilinear¹⁵ shapes in more natural settings.



Our **physical environment** also influences our culture. Some cultures are considered to be more work oriented and more efficient when it comes to producing material goods, which has often been explained by environment factors, such as climate (cold, temperate, hot).

Do countries/climates tend to harden (or soften) people, with the result that they become more (or less) inclined towards activities of war, commerce or industry, and more (or less) efficient in pursuing these activities?

- ❖ For instance, a hot climate may directly influence culture, by physically discouraging effort and action, or indirectly influence culture through adaptation to climatic conditions, such as the development of air conditioners and heaters. If climate has both a direct and an indirect influence, then air conditioning may be necessary but not enough to counter climatic differences.
- ❖ For instance, climate has been found to have an indirect effect on a country's competitiveness, as temperate countries are more likely to overpay their workers, relative to their standing on the worldwide ladder of wealth.

¹⁴ To attribute = Toeschrijven aan

¹⁵ Curvilinear = Kromlijnig

Stereotypes serve as simplified intellectual representations of other people. They also tend to promote our differences, which can make them dangerous. Stereotypes can also be seen as a common belief of a culture. Stereotypes are relatively stable.

Some examples:

Cooks – French	Cooks – British
Mechanics – German	Mechanics – French
Police – British	Police – Germans
Lovers – Italian	Lovers – Swiss
Organize – Swiss	Organize – Italian

Example – Stereotypes of the French

- ❖ Germans – Pretentious, offhanded, fashionable, womanizing, frivolous, well-mannered.
- ❖ British – Nationalistic, chauvinistic, polite, humorless.
- ❖ Spanish – Pretentious, early sleepers, cold and distant, impolite, hardworking.
- ❖ Dutch – Cultured, good living, talkative.
- ❖ Swedish – Superiority complex, boastful, immoral, disorganized, hierarchy.
- ❖ Americans – Chauvinistic, well-mannered, curious, pleasant, pretentious, intelligent.
- ❖ Asians – Exhibitionist, indiscreet, bureaucratic

→ Zie ook slide 52 + HB p. 16-17.

1.5 Ethnocentrism and self-reference criteria

The cost of adapting the cultural norms in your own culture is minimal, but the costs, in terms of the amount of effort associated with the identification and adoption of the traits of another culture, are much higher. This is clear in the difficulties encountered¹⁶ by immigrants, even those who have immigrated voluntarily.

❖ Self-shock

People think that their own culture is the norm, but when they realize that their view is wrong, then there is a self-shock. Self-shock extends the concept of **culture-shock**. It is in fact a cultural shock at individual level. It makes rules explicit. It is the reaction to difference, to a reaction to differences with and within the self. When people from different cultures meet, the interaction can create uncertainty. At first it may seem that the basic problem is simply reducing uncertainty by getting to know the other.

Facing foreigners may disturb our personal identity or self-image through **the mirror effect**. The mirror effect is the self-image constructed from our perceptions of others' voiced opinions and behavioural responses to us. The statement of the real view has broken the mirror.

¹⁶ To encounter = Ondervinden

Little kids think for a long time that people only speak Dutch in Belgium, but once they realize that people also speak German and French, then they realize that their view was wrong and that there exist differences.

❖ Ethnocentrism

Ethnocentrism is the belief in superiority of own culture. It is a tendency for people to see the own culture (group) as the centre and to scale and rate outgroups with reference to their own country (group).

❖ Self-referencing

People think that their culture is the normal one. But people can see better things in other cultures. They compare other cultures and see positive and negative aspects of different cultures.

In its most extreme form, ethnocentrism relates to beliefs about the superiority of one's own culture, which may lead to a lack of interest for other cultures. In a less extreme form, it relates to the natural tendency of people to refer their own standards, including the symbols, values and ways of thinking of their own ethnic or national group and to judge others according to these norms.

❖ Racism

Belief that some humans are inferior (intelligence, creative ability, moral sense...), because of their race.

❖ Cultural hostility

Does not necessarily imply racism. It is about cultural differences, territorial conflicts and economic competition. If someone enters your country, then you are hesitating. You wait for a moment and see. If it is a good person, then the person will be accepted.

Eliminating self-reference criteria bias

- 1) Define the problem or objectives
 - a. According to customs and standards home
 - b. According to customs and standards host
- 2) Isolate the influence of self-reference criteria and identify the extent, it complicates the problem.
- 3) Redefine the problem with self-reference criteria bias and find the solutions to fit the cultural context.

→ See also slide 55.

Chapter 2: Cultural dynamics 1 – Time, space, self and others

Summary chapter 1 – Hofstede's analogy

Your culture is like your nose, you do not see it properly yourself, but everybody else does and thinks it is strange if it differs from theirs. In addition, it always go where it leads you, and it is always in the way. Culture is persistent! Culture is subconscious, nut unconscious!¹⁷

There are 2 basic elements of cultural dynamics at the individual level:

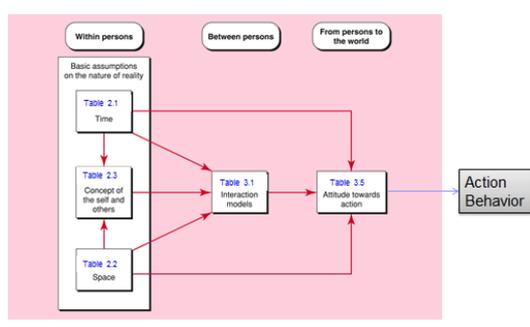
- 1) Culture is learned.
- 2) Culture is forgotten. In the sense that we cease to be conscious of its existence as a learned behavior.

Culture remains present throughout our **daily activities**. Culture represents our adaptation to reality, based on complex interactions between values, attitudes adn behavioral assumptions. Cultural differences arise from preferences for solutions to common human problems, which form cultural norms in society.

2.1 A model of action based on cultural assumptions¹⁸

→ Key determinatns of cultural influence on behavior

Figure:



Explanation:

The figure presents a model of action that illustrates how basic cultural assumptions in 3 major areas (time, space and the concept of the self and the others) influence interaction models, which shape out attitudes towards action. These assumptions give communities a framework for evaluating solutions to fundamental problems, combining 3 dimensions:

- Cognitive dimension – What people think
- Affective dimension – What people like
- Directive dimension – What people do

¹⁷ Conscious = Bewust

¹⁸ Assumption = Veronderstelling

2.2 Common problems - Time

From a cross-cultural perspective, time may well be the area of ***greatest difference***. Our assumptions around the concept of time and its importance has a strong influence on how we function socially. Our assumptions around time provide a common framework for activities and help to synchronize individual human behaviour and events over time. Our time orientation influences many marketing concepts, such as the product life cycle, sales forecasting and the planning of new product launches.

a) Time scarce vs. Plentiful

Western countries (f.e. the US, Australia and the most of Western Europe) are often representative of ***the 'time-is-money' culture***, where time is seen as an economic good. Since time is perceived as a scarce resource, people should try to allocate it in the most economically optimal way. This results in people using their time as wisely as possible in scheduling or establishing timetables and deadlines. Appointments are for example likely to be scheduled with a starting and an ending time.

The economicity of time influences attitudes towards money, as well as the monetary value of time, both of which are important to marketing. In cultures with a strong economic time, products are created ***to 'save time'*** and services are based on blocks of time. Buyer-sellers interactions are also heavily influenced by the economicity of time, including the waiting process, communication style and efficiency of service.

→ Zie ook slide 8 t.e.m. 11!

People try to save time by technological products, like for example robots. But in cultures where time is plenty, then people do not look for products who save time.

→ Zie ook links op de slide!



b) One task vs. multi-tasking

There is a difference between monochronism (M-time) and polychronism (P-time).

➤ *M-time*

Individuals prefer to do ***one thing at a time*** and tend to adhere to preset schedules. M-time people will politely stop the conversation in order to keep to their schedule. In M-time societies, not only the start of a meeting, but also the finish is often planned. Every event will only start if the other one is finished. This means that a schedule is very important.

The ***PERT*** (Programme Evaluation and Review Technique) method is an example from a typical M-time 'agenda culture'. PERT explicitly aims to reduce polychronic tasks (even when they take place simultaneously!) to provide a monochronic solution.

➤ *P-time*

Individuals do **several things at the same time**, easily modify schedules, and seldom experience time as wasted. P-time may seem quite chaotic to M-time people. There is no recognized order as to who is to be served next, no queue or numbers indicating who has been waiting the longest.

P-time people are more committed to relationships than to schedules. When confronted with a situation where a discussion with someone lasts longer than planned, they prefer to go on talking or working after preset hours rather than keep to the schedule, if they have one.

Cultural assumptions around M- or P-time are important for understanding **buyer-seller interactions**, as they tend to promote very different expectations. This is also important for scheduling in almost every aspect of business.

M-time persons will first finish their glass, before they go to the next on. They will always finish a task before they go over to a new task.



c) Linear vs. cyclic

This time-related problem relates to the continuity of time. A strong economic view of time, combined with monochronism, emphasizes a linear time line, where time is viewed as being a line with a point (the present) at the centre. Each portion of the line can be cut into slices, which are supposed to have a certain value.

Most Western countries and Christianity perceive time as **linear**. They believe that we only have one chance. So we have to achieve things now.



Hinduism, Buddhism perceive time as **a cycle**. If people do not have time this life, then they will have it in their second life. People will probably have second chances in their second life. But people have to be patient.



d) Emphasize on past, present and future

This time-related problem relates to the temporal focus of human life. Societies differ in whether the extent to which the focus is on the past, present or future.

➤ Past-oriented people

Past-oriented people emphasize the past in explaining where we are now. They tend to value the preservation¹⁹ and maintenance of tradition, including restoration of old buildings, investment in museums and the value of teaching history at school.

→ Many European and some Asian cultures tend to be past-oriented.

¹⁹ Perseveration = Behoud

➤ Present-oriented people

Present-oriented people focus on **the 'here and now' (short-time oriented)**, believing that the past is over and the future is uncertain, theoretical and difficult to imagine. They accommodate changes in beliefs and traditions. However religion may play an important role in pushing people towards a present orientation, especially if it emphasizes that only God decides the future.

There is **fatalism**. People do not have to organize anything. If something will happen, then it will happen.

→ Muslim

➤ Future-oriented people

Future-oriented people focus on planning **for a bigger and better tomorrow**. They tend to find ways to replace the old and delay immediate gratification²⁰ to invest in the future. An example of this is the millions of Americans who start a savings account for their child's education when he/she is born. Future-oriented societies will tend to invest in science or technology.

→ Americans and some Asian cultures are considered future-oriented.

These orientations are also related to individual traits and characteristics. For instance, older people tend to be more past-oriented, whereas younger people tend to be more present- or future-oriented.

Temporal orientation

Long-term orientation	Short term orientation
Virtues ²¹ oriented towards future rewards ²²	Virtues related to the past en present
- Perseverance and thrift (determination)	- Respect for tradition and social obligations
- Consumer saving and investment	- Preservation of face (image and reputation)
Related to high economic growth (BRIC).	- Consumer spending and immediate gratification

Summary of time:

Basic problem/Cultural orientations	Contrasts across cultures
1. Is time money? Economy of time	<ul style="list-style-type: none"> Time is regarded as a scarce resource. Time is plentiful and indefinitely available.
2. How to schedule tasks?	<ul style="list-style-type: none"> Only one task is undertaken at a time, following a preset schedule. Multiple tasks undertaken simultaneously and appointment times, if any, are flexible. Time is less important than the situational context.
3. Is time a continuous line?	<ul style="list-style-type: none"> Time is seen as linear, separate blocks. Time is cyclical, with daily, yearly and seasonal cycles.
4. How should we emphasize past, present and future?	
Temporal focus	
(a) towards the past	<ul style="list-style-type: none"> The past is important. Resources must be spent on teaching history and building museums. Oral and written traditions are important. Roots are imparted in the past and no plant can survive without its roots.
(b) towards the present	<ul style="list-style-type: none"> Live in the 'here and now'. Although not always enjoyable, the present must be accepted for what it is: the only true reality.
(c) towards the future	<ul style="list-style-type: none"> Plan for the future. Prepare for the long term; appreciate achievements (e.g. science). The future is inevitably 'bigger and better'.

²⁰ Gratification = Bevrediging

²¹ Virtue = Deugd

²² Reward = Beloning

2.3 Common problems – Space

People are territorial by nature. They must define who has ownership and control over certain spaces, including our social and physical spaces. Territoriality is an organizing principle that can be used to form groups, based on family ties or common characteristics including education, religion and professional associations. Territoriality also extends to our physical environment, including responsibility toward the natural environment.

Who can enter a space? What are the rights of those in a space and for those who aren't in the space?

1) Personal vs. Depersonal (insider vs. Outsider)

The first space-related problem focuses on whether people are categorized by **who they are** (personalization) or **what they do** (depersonalization). Personalization means that assumptions about what a person can do depend on who the person is. Someones possibilities depend on who he/she is. Therefore, it is necessary to spend time to understand who a person is.

Personalization is evident in cultures with a stron **being orientation**.

- You are born into, such as gender, family, social class, ethnic background, religion, nationality...
- Age and marital status.

A **strong being orientation** assumes that who the person is, influences the roles, power and capacities he or she has in the society. A typical example is that 'she' is a woman, thus she belongs to the group of people in charge of reproduction and nurturing roles, thus she can not work outside. There is a strong link between a being orientation and the concept of the self and the others.

Depersonalization means that personal characteristics (extended family, social class, ethnic background, gender, age...) are less important than what you do (abilities, talents and education). Here, less time is spent discovering who a person is, especially if time is strongly economic, as it is not necessary to know who a person is in order to decide what this person can do. Depersonalization is evident in cultures with a doing orientation.

A **strong doing orientation** assumes that what people do naturally, influences the roles, power and capabilities people have in society. What is important is what people can achieve, given their individual talents and abilities. In the purest version of the doing orientation, even character and personality would be considered as unimportant in what individuals can achieve. Tasks are viewed as standard and people as interchangeable.

2) Ingroup vs. Outgroup – Rights and obligation

The second space-related problem focusses on the **rights and responsibilities** toward members of a group. Who people consider as their group depends on their ingroup or outgroup orientation, which is related to individualism or collectivism.

The largest possible **ingroups** are nations. Benefits related to nationality are strongly space-related, including the right to live, work and enjoy citizenship of a definite territory. In some countries, legitimacy²³ is primarily based on ancestry²⁴, where nationality may be legally based on law of the blood and only granted if at least one parent is a national. In other countries (Australia, France, the UK, the US...), nationality is legally based on the law of the soil and is also granted to all those born in the country.

The family is the smallest and most basic ingroup unit. A strong ingroup increases loyalty but less (outgroup) charity.



Outgroup orientation is based on the assumption of the fundamental unity of mankind²⁵, beyond the borders of ingroup spaces (family, religious and national groups). All individuals are seen as having equal rights and there is a responsibility to care for those who are weaker. Rules are universal and expected to apply to everyone in the same manner.



→ Universal Human Rights

In outgroup-oriented societies, people would be expected to report a perpetrator²⁶ of a crime to authorities, regardless of whether the person was a close family member or not.

While these 2 orientations are roughly opposed, they are not complete opposites.

3) Concret vs. Abstract territoriality

→ How to become a group member?

→ How to get access to groups?

It is important to **know how to gain access to a group**, as an external partner, but also as a business partner. Group membership may be gained on the basis of concrete or abstract territoriality. The type of territoriality is largely dependent on the combination of ingroup/outgroup and the being/doing divides.

²³ Legitimacy = Geldigheid, wettigheid

²⁴ Ancestry = Herkomst, origine

²⁵ Mankind = Mensheid

²⁶ Perpetrator = Dader

- When ingroup and being orientation are strong, membership is generally gained on the basis of concrete territoriality.
- When output and doing orientation are strong, membership is based on abstract territoriality.

Ingroup membership based on **concrete territoriality** requires characteristics that cannot be acquired by outgroup adults. There are strict rules for membership. Ingroup criteria are most likely to be related to birth, socialization (in the same village or country) and education (same school system). In cases where it is impossible to gain membership, one should behave as a friendly but realistic outsider. Building a warm and reliable friendship can provide a sense of security in ingroup societies. So, if people want to approach, they first have to build up a **relationship**. Otherwise, people won't be accepted.

→ Africa, Middle East

Membership based on **abstract territoriality** corresponds largely to Western doing cultures, where an outgroup orientation is valued. What people have done up to now is indicated by their resumé. Abstract territoriality is mostly based on **professional achievements**, evidenced by diplomas, membership of professional bodies, being an alumnus of a prestigious university... It is more difficult to gain membership here.

→ Europe, US

→ **Consequences for market entries!**

4) Physical space

This space-related problem focuses on how physical space is viewed. The 'language of space' is culturally determined. Individuals refer to culturally based rules concerning space, such as the codes concerning social distance. For example, how far should one stand from other people in order to respect their area of private space?

*In Western cultures, there are **3 primary zones of space***

- a) The intimate zone: 0-45 cm
→ Only for a few persons, like f.e. the loved ones (husband, kids...)
- b) The personal zone: 45 cm – 1 m
- c) The social zone: 1-2 m
→ In most of the cases = One-to-many persons

Touch can occur for Westerners in the intimate and personal zones, but sensory involvement and communications is less intense in the social zone.

The following physical space assumptions differ across cultures

- What are the sizes of the 3 zones? To what extent do they overlap?
- Who is allowed to enter these zones of physical space?
- What is considered adequate sensory exchange within definite interpersonal distances?

This questions is important **in marketing terms**, as our sense of physical space mixes with culturally determined sensory codes, based on sight, sound, touch and smell, to give meaning to product characteristics. For instance, some Western countries, such as Australia, UK, and the US, focus on a suppression of personal odours in public spaces²⁷, which has created a mass market for room deodorizers, antiperspirants, mouthwashes and deodorants. Although smell suppression is globally moderate, it is not clear whether it will remain so in the future.

Summary of space

Basic problem/Cultural orientations	Contrasts across cultures
1. Are people insiders or outsiders, based on what people do or on what they are? (a) Personalization (b) Depersonalization	<ul style="list-style-type: none"> What you can do, depends on who you are (i.e. being). What you do is more important than who you are.
2. What are the rights and obligations of group membership? (a) Ingroup orientation (b) Outgroup orientation	<ul style="list-style-type: none"> Belonging to ingroups (i.e. family, tribe, clan and nation) includes important rights and obligations that are unlikely to be accorded to outgroup members. Assumes all people have equal rights, even distant others.
3. How can membership be gained? (a) Concrete territoriality (b) Abstract territoriality	<ul style="list-style-type: none"> Ingroup being orientation based on who the person is (e.g. birth); unlikely to be acquired by outgroup adults. Outgroup doing orientation based on what the person does (e.g. skills).
4. How to deal with physical space? (a) Group cultures with close physical contact (b) Individualistic cultures prefer private space	<ul style="list-style-type: none"> Tendency to live near to one another, and to be undisturbed by such intimacy. The need for private space around one's body, and to dislike intrusion into this space.

2.4 Concept of self and others

→ 4 relational problems

The concept of the self and others deals with how the organization of a society is internalized by people and reflected in the view we have of ourselves in relation to others. It is largely about people within in society responding positively and unconsciously to membership. These assumptions differ from one society to another.

1) Strangers? Good or bad?

How do we treat new people for the first time? This depends on the understanding of human nature: basically good or bad. This influences our views on strangers, but also the concept of friendship. If we assume human nature is basically good, we have a friendly and open-minded attitude towards people we do not know. When visiting the US or Australia, Europeans are often amazed by how well they are received. Australians have a strong positive belief about new people, who are assumed to be good.

In contrast, first contact with the Latin Europeans and South Americans can be more difficult. Trust should only be given to those who are known to be trustworthy.

If human nature is assumed to be good, then people believe that everyone deserves a chance. Because of that, people can easily build up relationships. Friendship develops **quickly**, but often the contacts are **superficial**. Since most people are supposed to be basically good, it is not as necessary to select a small group of 'true' friends. When it is assumed that human nature is generally bad, friendship develops more **slowly**. People have to prove themselves. This results in slow, but **deep relationships**.

2) Who can be trusted?

This problem focuses on cultural assumptions around how we judge others in many different areas of our

²⁷ Zone that everyone can enter without any restrictions.

lives, including making friends, choosing business partners, targetting potential customers... We judge personality traits, but also age, gender and behaviour. This information about what people are in society indicates what they are allowed to do, depending on our culture.

We appraise others **by socio-demographic characteristics** like age, gender, social class, which helps us to judge their conduct in particular roles (the perfect partners, businessman, child...). Ideal role models are depicted in books, films, television series and many other cultural artefacts.

- Women vs. Men
- Youth vs. Older people
- Thin vs. Fat
- Haves and not haves

The place of women in society has **changed greatly over the last century**. Some basic rights, such as voting, were long denied for women. But the place of women is still very different from that of a man in certain places. In many countries women are largely dependent on men, mostly on economic basis. In some Muslim countries such as Saudi Arabia, women are not allowed to work outside, and are often not allowed to go outside alone...

Youth may be associated with inexperience, doubtful character and lack of seriousness, or, by the contrast, with open-mindedness, creativity, and the ability to change things and to undertake new ventures. Naturally, both sets of qualities are found in young people of all cultures. What is more interesting is how certain cultures, like Japan and Africa, place a higher value on older people, while others, like the US and Australia, value younger people in society.

All societies place people in particular strata, such as **social classes**, but the criteria are often different. In economically oriented societies they may divide people into the 'haves' and the 'not haves', but other criteria may be based on birth or education even in the absence of obvious wealth or income. For instance, in many Western countries social class is based on wealth. In others, such as India, it is based on birth.

Social class is **important for consumer behaviour**, as people express their real or imagined class differences by what they buy and use. In countries where the emphasis on class is strong, people in higher classes see themselves as being substantially different from those in lower classes.

3) What about my self (ourselves)? – Self esteem, potency & activity

This problem focuses on cultural assumptions around how we judge ourselves. 3 main areas of cultural contrasts may be identified.

a) Self-esteem

Personal self-esteem²⁸ can be low or high according to whether we think of ourselves as good or not so good. Low self-esteem is usually accompanied by modest and self-effacing behaviour, whereas higher self-esteem is accompanied by more assertiveness and self-assured behaviour.

People from Asian cultures, where there is more emphasis on the group than the individual, often display behaviours related to lower self-esteem. This does not mean that they deserve less esteem, but rather that each assumes that they deserve less as an individual. In many Asian cultures, self-esteem is more likely to be related to interpersonal situations, whereas in Western cultures it is more likely to be associated with feeling superior or proud.

b) Perceived potency

In cultures where potency is high, individuals tend to view themselves as powerful and capable of accomplishing almost any task.

c) Perceived activity

In cultures where the appropriate level of personal activity is seen as high, people will more often boast about being 'workaholics'. They will work more weekends, and generally be more satisfied with overworking. In contrast, cultures with a lower level of perceived activity, people will focus on fewer hours spent in the office, low involvement in work-related issues, and having time available for pure inactivity.

These 3 dimensions **interact**, so that people who are low self-esteem, perceived power and perceived activity feel powerless and often accept the world as it is. Conversely, people with high self-esteem, perceived power and perceived activity are more likely to be overconfident and take on difficult tasks.

²⁸ Self-esteem = Zelfvertrouwen

4) Individual and groups (self-concept) – Independent or interdependent

The fourth problem focuses on how we relate individuals to the group. The boundaries between people, and the groups they belong to, are important to all societies for ensuring smooth and efficient functioning. The concepts of individualism and collectivism²⁹ are relevant here.

In individualist cultures...	In collectivist cultures...
<p>People see themselves as autonomous and independent.</p> <p>People are motivated by their own preferences, needs and rights.</p> <p>People give priority to their personal goals and emphasize a rational analysis of their relationships with others.</p>	<p>a) People see themselves as an integral part of one or more collections or ingroups, such as family and co-workers.</p> <p>b) People are motivated by norms and duties of the ingroup.</p> <p>c) People give priority to the goals of the ingroup.</p> <p>d) People try to emphasize their connectedness with the ingroup.</p>

Independent vs. Interdependent:

Independent SC emphasizes	Interdependent SC emphasizes
<ol style="list-style-type: none"> Internal abilities, thoughts and feelings Being unique and expressing yourself Realizing internal attributions and promoting own goals Being direct in communication 	<ol style="list-style-type: none"> External, public features (e.g. status, roles, relationships) Belonging and fitting in Proper place and appropriate action Indirect communication and 'reading others' minds'

Summary – Concept of self

Basic problem/Cultural orientations	Contrasts across cultures
<p>1. How should we assess strangers?</p> <p>(a) Human nature basically good</p> <p>(b) Human nature basically bad</p>	<p>■ Unknown people are considered favourably.</p> <p>■ Unknown people are treated with suspicion.</p>
<p>2. Who should be considered trustworthy, reliable? How do we assess characteristics?</p> <p>(a) Perceptions of age</p> <p>(b) Gender</p> <p>(c) Social class</p>	<p>■ Older (younger) people are viewed favourably.</p> <p>■ Genders differ in capabilities and roles, or not.</p> <p>■ The emphasis placed on social class attributed to wealth or birth.</p>
<p>3. Appraising oneself: To give the correct appearance one should display</p> <p>(a) Low/high self-esteem</p> <p>(b) Low/high potency</p> <p>(c) Low/high activity</p>	<p>■ Shy and modest versus extrovert or even arrogant.</p> <p>■ Power should be hidden versus shown.</p> <p>■ Busy people or unoccupied/idle people are well regarded.</p>
<p>4. Relating the individual to the group</p> <p>(a) Independence</p> <p>(b) Interdependence</p>	<p>■ The individual, as an autonomous independent entity is the basic unit in society.</p> <p>■ People are an integral part of their group, which is the basic unit in society.</p>

²⁹ Chapter 4

2.5 Cultural norms

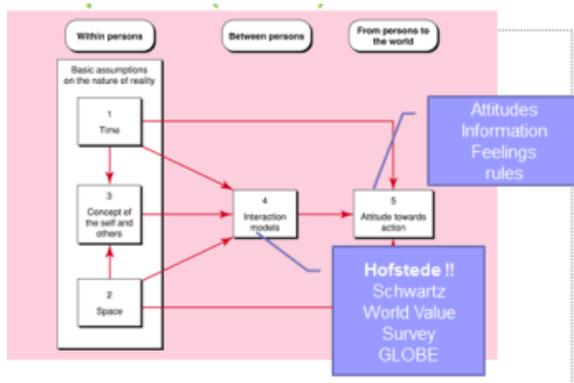
Chronically accessible	Situationally accessible
Available in memory. It is more likely to think about things as valued in the society (f.e. individualism or collectivism) as being obvious, fluent or right.	Depends on the situation - More independent at work - More independent at home

→ Lees ook laatste slides hoofdstuk.

Chapter 3: Cultural dynamics 2 – Interactions and behaviours

It is very difficult to transform elements of one culture to another culture. Human culture say a cohesive set of solutions to basic cultural assumptions. The different cultural assumptions may not develop in isolation.

Figure:



Explanation:

The figure illustrate the basic assumptions related to cultural models of time, space and concepts of self and others. This chapter focuses on the second half of the model of cultural dynamics, and examines the cultural assumptions that influence how people interact and what leads to action, including attitudes, information, feelings and rules. This material is organized around common problems.

→ See the following sections!

3.1 Models of interaction

In this chapter we will see different cultural solutions to universal problems related to how people interact within societies. Many of the more commonly cultural theories, such as the one of Hofstede, propose a range of possible interaction models. The one of Hofstede is the most applied one in the field of marketing, despite the growing popularity of the GLOBE project.

Interaction – People and the group:

Individual is central

- Individualism (Hofstede)
 - Autonomous, independent, motivated by own needs and goals rational relationships
- Autonomy (Schwartz)
 - Express own preferences, feelings, ideas and abilities; meaning in uniqueness

Group is central

- Collectivism (Hofstede)
 - Interdependent, motivated by norms and duty, prioritize ingroup goals, connected relationships
- Embeddedness (Schwartz)
 - Meaning in social relationships, identification; shared way of life and shared goals
- Institutional collectivism and ingroup collectivism (GLOBE)

Individualism

= A society in which the ties between individuals are loose. Everyone is expected to look after himself or herself and her or his family only.

Collectivism

= A society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty.

Schwartz refers to the relationship between the individual and group. People in autonomous cultures are encouraged to cultivate and express their own preferences, feelings, ideas, and abilities. Embedded cultures expect people to obtain meaning in life through social relationships, through identifying with the group, participating in its shared way of life and striving towards its shared goals.

Schwartz argued that individuals in cultures that are high in embeddedness and low in autonomy socialize their children to be obedient and hardworking and discourage imagination in order to reinforce tradition.

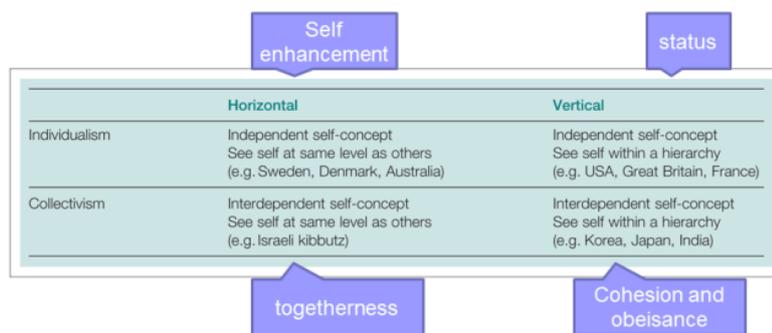
In individual societies, people are expected to take care of their own and their immediate family's needs. Relationships are said to be rational, or based on the concept of reciprocity, where an individual who gives something to another expects some sort of return within a reasonable time span. In contrast, in collective societies, the social structure is stronger, with people clearly distinguishing between members of the ingroup and the members of the outgroup. Relationships are said to be relational, in that people expect their group to care for them in exchange for loyalty.

These dimensions refer to the concepts of the self and others, as well as to a model of interaction between people. This is explicitly recognized by the GLOBE Project, which identified these 2 aspects as institutional-collectivism and ingroup-collectivism.

- Institutional-collectivism – How institutions encourage and reward collective action.
- Ingroup-collectivism – The degree to which individuals express pride, loyalty to their group.

People in countries that are higher in individualism are usually more self-sufficient and less dependent on others. On average, they are more likely to own and use private gardens rather than using public parks.

Figure:



Explanation:

- ❖ *Vertical individualist societies*
In vertical individualist societies, people are concerned with distinguishing themselves from others to improve their standing. Every individual is independent. There are higher and lower levels in society. To enter a higher level, people have to achieve something.
- ❖ *Horizontal individualist societies*
In horizontal individualist societies, people are concerned with expressing uniqueness and self-reliance. Everyone is equal. People can act on their own. People do things for the group. There isn't a group leader.
- ❖ *Vertical collectivist societies*
In vertical collectivist societies, people are concerned with enhancing the cohesion and status of their ingroup and complying with authorities. Every group has a leader. He decides what the group will do.
- ❖ *Horizontal collectivist societies*
In horizontal collectivist societies, people are concerned with sociability and interdependence.

Example:



Both cars score high on individualism, but which is horizontal, which is vertical?

- Mercedes focuses on the product. Social context is not or less important → Horizontal
- BMW focuses on the social context. The social context is important → Vertical

Interaction – Distribution of power

The second problem relates to the legitimacy of inequality, in terms of an unequal distribution of power.

Inequality

- Power distance (Hofstede)
 - Inequality accepted
 - Superiors often inaccessible
 - Power concentrate at top
 - Change by revolution
- Hierarchy (Schwartz)
 - Adhere to rigid rules to ensure smooth society, value social power, authority, humility and wealth

Equality

- Power distance
 - Inequality minimized
 - Superiors accessible
 - Power delegated
 - Change by evolution
- Egalitarianism (Schwartz)
 - Value equality, social justice, responsibility, help and honesty
 - All humans as moral equals, concern for welfare of all people

Families teach children obedience and respect for parents and elders vs. treating children as equals.

Families in high power distance societies tend to teach children obedience and respect for parents and older relatives, whereas families in low power distances societies tend to treat children as equals.

In high power distance societies, superiors and subordinates feel separated from each other. It is not easy to meet and talk with higher ranking people, and the real power tends to be very much concentrated at the top. In contrast, in lower power distance societies, members of the organization tend to feel equal, and close to each other in their daily work relationships. They cope with situations of higher hierarchical distance by delegating power.

There is some overlap between Hofstede's power distance and Schwartz's hierarchy-egalitarianism dimensions. Schwartz's hierarchy construct also focuses on unequal distribution of power. However, the conceptualisation of egalitarianism is broader, because it stresses a greater recognition of all humans as moral equals that leads to a concern for the welfare of people.

Figure:

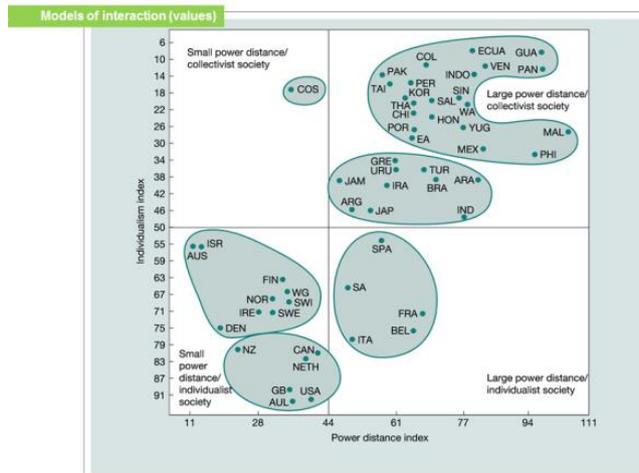


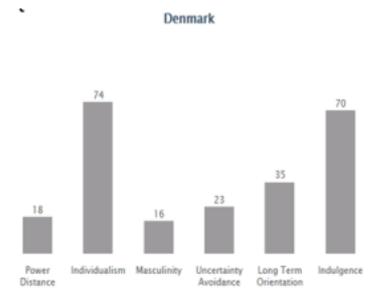
Figure 3.1 A map of 53 countries ranked on power distance and individualism indices

→ All the dimensions are independent of the others. All combinations are likely to occur.

De Mooij, 2005

Cultures with a low power distance often use humor in their advertisements, because they aren't afraid to parody themselves. In low power distance cultures, youth is seen as independent and individualistic. Youngsters are often used as 'the ideal'.

High power distance cultures often use status symbols in advertisements.



Interacting with or for others – Masculinity and femininity

The 3th problem relates to whether we interact with others or for others. The assumptions behind the masculinity/femininity divide are different: 'Should we help people or should we not?'

This dimension roughly corresponds to the dominant gender role patterns

- Male → Assertive role
- Female → Nurturing role

On average, men tend to score high on one extreme and women on the other, across societies, but there are also significant differences between societies.

In **masculine societies**, the emphasis is on assertiveness, money, showing off possessions and caring less about the welfare of others. Generally, there is a stronger role differentiation between males and females, but boys and girls learn to be assertive and ambitious. In masculine societies, people are likely to be more possession oriented, and achievement is demonstrated by status brands and jewellery. People in masculine societies admire the strong.

In **feminine societies**, the emphasis is on nurturing roles, interdependence between people and caring for others. Generally, there is less gender role differentiation and boys and girls learn to be modest and to sympathize with the underdog. In feminine societies, the welfare system is highly developed, education is largely free and easily accessible, and there is openness about admitting the problems.

People in trouble are shown patience and hope. In feminine societies people are more likely to share both large and small decisions, such as the choice of main car and everyday food shopping, and to purchase less expensive watches and jewellery.

→ Northern European countries

Cultures that are high on mastery encourage individuals to develop their skills, using them to direct and **change the environment**. Cultures that are high on harmony encourage individuals to understand and **appreciate their environment** in the current state.

Summary:

Assertive: for others

- Masculinity (Hofstede)
 - Assertive and ambitious
 - Live in order to work
 - Big and fast are beautiful
 - Admiration for the achiever
 - Decisiveness
 - Success & ambition

Nurturing: with others

- Femininity (Hofstede)
 - Quality of life – serving others
 - Work in order to live
 - Small and slow are beautiful
 - Sympathy for the unfortunate
 - Intuition and consensus

Husband and wife share home duties, everyday shopping and both large and small decisions?

Uncertainty avoidance

The 4th problem relates to how we **deal with uncertainty**. There are basically 2 ways. Societies **high in uncertainty avoidance** assume that uncertainty is bad and everything in society must aim to reduce it. Organizations in these societies promote stable careers and produce rules to reduce uncertainty.

Societies **low in uncertainty avoidance** assume that people have to deal with uncertainty, because it is inevitable. The future is by definition unknown, but it can be speculated, and people and institutions can deal with likely outcomes. People in these cultures tend to be more innovative and entrepreneurial.

Uncertainty avoidance should not be confused with risk avoidance. Hofstede notes that risk is more specific than uncertainty and is often expressed as a probability that a specific outcome will occur, while uncertainty is a situation in which anything can happen.

Summary:

Uncertainty is bad

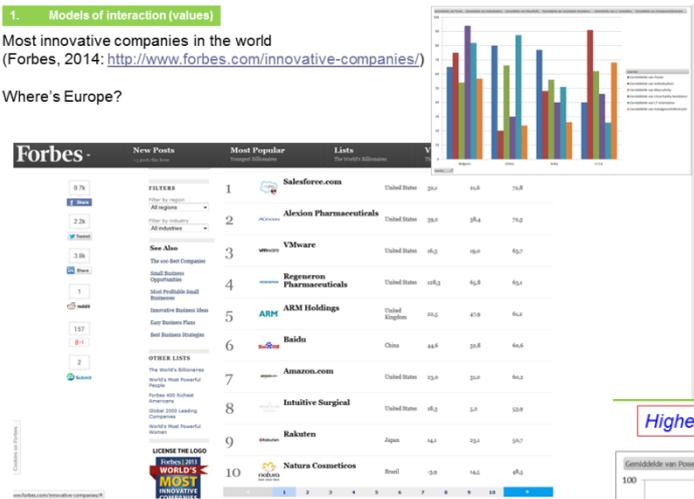
- Strong UA (Hofstede)
 - Society must reduce uncertainty
 - Stable jobs, rules and procedures
 - Inner urge to work hard
 - Emotions accepted
 - Conflict is threatening
 - Need of consensus

Uncertainty is inevitable

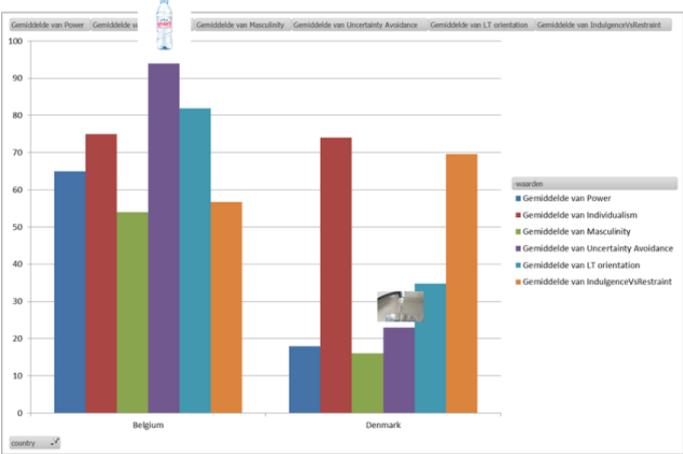
- Weak UA (Hofstede)
 - Society must accept and deal with uncertainty
 - Hard work not a virtue per se
 - Emotions not shown
 - Conflict and competition ok
 - Acceptance of dissent
 - Willingness to take risks

Innovations/entreprenurship?

Figure: Most innovative companies in the world



Higher consumption of mineral water?



De Mooij, 2005

Strong uncertainty avoidance cultures have a need for "explanations, structure, test reports, scientific proof and advice, and testimonials by experts. Cultures with strong uncertainty avoidance tend to include a lot of information in their advertisements, in particular technical details about a product and how it works.

In addition, in weak uncertainty cultures the focus is on what the product or the service does, rather than what it can.

Advertisements in strong uncertainty avoidance cultures stress emotions such as stability and relaxation in the sense of relief from anxiety and tension. In weak uncertainty avoidance cultures humour is more frequently used.

Multinational and global companies need to consider the impact of culture, as cultural norms influence a wide range of work preferences, including perceptions for authority, leadership styles, fairness, interpersonal relationships, communication and many other aspects of business. In terms of fairness perceptions, people in individualist cultures prefer equity-based rules in the distribution of rewards and punishments, whereas those in collectivist cultures tend to prefer equality rules in individualist cultures.

What correlates with Hofstede's dimensions? (see Hofstede 2001)

- Individualism
 - + purchase insurance, have dogs, own a motor home for leisure, read more books, have an answering machine
- Masculinity
 - + status purchases (watches, jewellery), importance of car engine power, business class travel, confidence in advertising
 - Partner involvement in car choice, women as main shoppers
- Power distance
 - + confidence in the press, lack of confidence in police, child obedience
- Uncertainty avoidance
 - + buying new (vs. used) cars, buying precious metals and gems, use of mineral water
 - buying stocks, use of internet and other media, eating ice-cream, frozen food, confectionary and snacks

Critique on Hofstede's dimensions

- ❖ Static – Culture is not chronic.
- ❖ B2B approach – Incomplete (indulgence³⁰ & long-term orientation)
- ❖ Culture ≠ Independent dimensions (Schwartz)

Interaction models – Mainly based on Hofstede (1-4)

1. Models of interaction (values)	
Cultural orientations	Contrasts across cultures
1) The nature of relations between people; boundaries between people and the group	
(a) Individualism	■ People are largely autonomous and motivated by personal preferences, needs and rights.
(b) Collectivism	■ People are motivated by norms and duties imposed by the ingroup and give priority to ingroup over individual goals.
2) Equality or inequality in interpersonal interactions	
(a) High-power distance	■ Hierarchy is strong and power is centralized at the top.
(b) Low-power distance	■ Power is more equally distributed and superior and subordinates have a sense of equality.
3) Interacting with others or for others	
(a) Masculinity/mastery	■ Assertiveness and personal achievement are favoured.
(b) Femininity/harmony	■ Caring for others, adopting nurturing roles and emphasizing quality of life is more important.
4) Dealing with uncertainty	
(a) Strong uncertainty avoidance	■ Ambiguous situations are avoided; uncertainty reducing rules and procedures are seen as a necessity.
(b) Weak uncertainty avoidance	■ Ambiguity does not create the same level of anxiety; uncertainty is seen as an opportunity.
Developing appropriate communication with others	
(a) High context	■ Communication is more diffuse and the meaning of a message is derived from the context and knowledge of the speaker.
(b) Low context	■ Communication concentrates on specific issues and the meaning of a message is literal and explicit.

³⁰ Indulgence = Welwillend

Geert Hofstede – Recent discoveries

'Is it useful to segment on religion? Why not? Is there a better practise?'

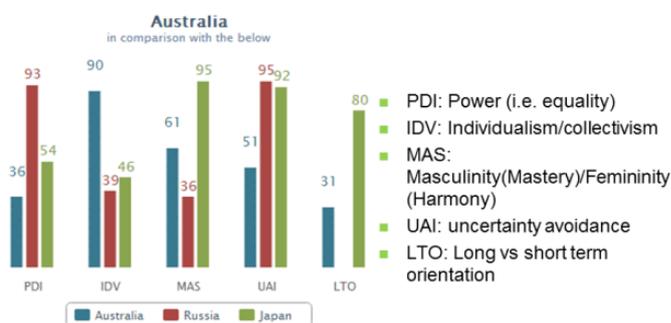
→ We can launch products succesfully for a religion, f.e. clothes.

'What elements must be in a commercial to segment by religion?'

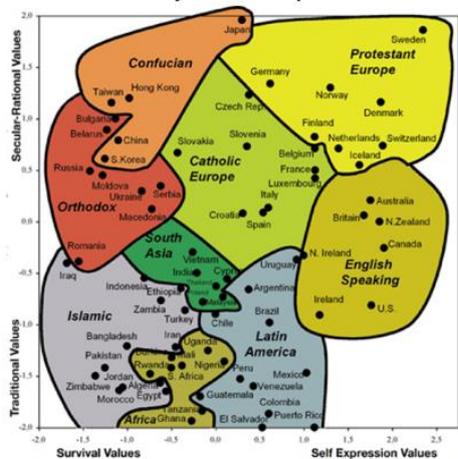
→ Marketers have to make their message salient in the advertisement. They have to use writing, symbols, music... who are highly linked to the culture. That activates peoples in different frames. Marketers can also do that in different nations.

→ Zie ook links op slides 25-27.

Hofstede – National cultural dimensions



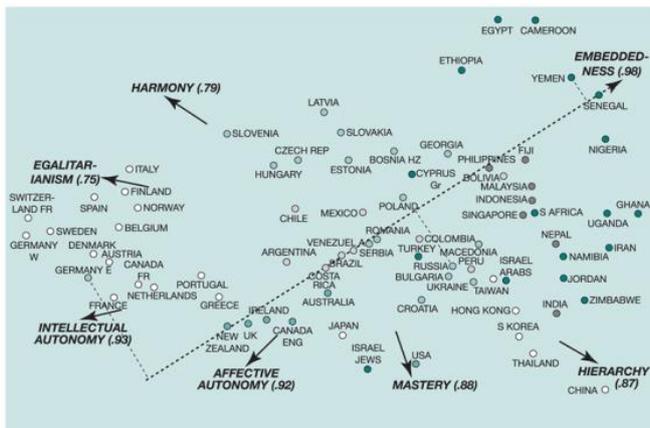
The World Value Survey Culture Map 2005-2008



Explanation:

The survival values are the basis values, like food, clothes housing.. According to Hofstede, neighbour countries are close to each other (France vs. Belgium). They are relatively equal. The figure also shows that there is a relationship between individualism and power distance in societies. Those countries that are higher in collectivism also tend to be higher in power distance and those higher in individualism als tend to be lower in power distance.

Schwartz cultural dimensions

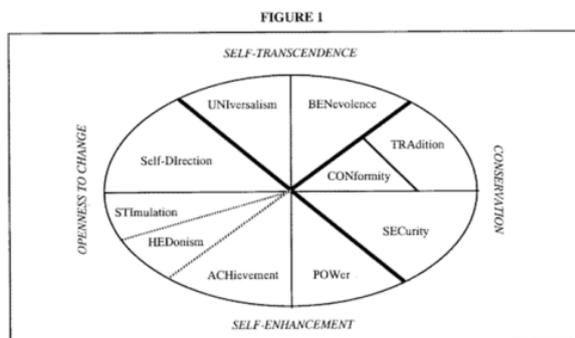


Explanation:

Schwartz presented a two-dimensional representation of the cultural distance between 77 cultural groups, using all 7 dimensions. The arrows indicate the direction of increasing scores for each of the 7 dimensions. The map illustrates distinct regional differences, with Western Europe being higher in egalitarianism and autonomy. In contrast, the Middle East, Sub-Saharan African, and South and Southeast Asia were higher in embeddedness and hierarchy.

Dimensions are not individual. There is a kind of interaction. If a country scores good on equalitarianism, then they also score good on harmony.

Figure:



3.2 Culture-based attitudes towards actions

This section draws together a wide range of differences in cultural assumptions to illustrate how these norms influence action and attitudes toward action.

Why act?

This first problem is about the cultural influences on assumptions around the value of acting. Not everyone is preoccupied with doing, acting, being efficient and achieving tangible results that can be appraised by others.

Doing-oriented societies	Being-oriented societies
<p>People have to achieve things. We have to act to achieve things. We study for example to be successful in life. Everything is possible, but people have to do it by themselves. Typical for Christianity.</p> <p>f.e. Christianity</p>	<p>People have to be. They do not have to achieve things. They do not have to look forward. Just 'being' is sufficient.</p> <p>→ Faith³¹ → Subjugation³²</p> <p>f.e. Indian, Siamese cultures</p>

What is action? – Deeds and/or speech

The second problem focuses on cultural assumptions around what constitutes 'acting'. Some cultures tend to classify words, speeches and acts of communications as 'deeds'³³. In many cultures, there are popular sayings that effectively condemn speech on the basis that it is not real action. In the real life, life is more complicated.

Typical process about how we deal with problems. It is linked to time. Time is linear. In other nations speech and action are together. It is more chaotic, confused. Everyone is involved in the process (≠ from our nation).

Speech is action	Speech and action separated
<p>Consensus rather than (unilateral) decision. Japan does for example not have a word for decision making/action. Action, decision and control processes are viewed as implementation issues. Japanese people first consult each one of a large group of people at various levels in the organization, who all comment on how to do something.</p>	<p>In Belgium speech and action can be separated. We have an analytic view on problems. We take some steps. We first think before we act.</p> <p>The decision is individual, but the implementation is collective. Action is the result of a process.</p> <ul style="list-style-type: none"> - Analysis of the problem (hypothesis) - Data collection - Listening and evaluating - Selection of the best option - Implementation - Control and feedback

³¹ Faith = Vertrouwen

³² Subjugation = Onderwerpen

³³ A deed = Een handeling, een actie

Relation between action and thinking

The third problem focuses on cultural assumptions round the relationship between thinking and acting.

Ideology	Pragmatic
People select appropriate behaviour of predefined choice set. They do not have to consider all the options. They have to choose what they have learned. f.e. Southern and eastern Europe	People evaluate all possible options every time they have to make a decision. f.e. US, Northern Europe and former UK colonies

The ideologist orientation, which is found in southern and eastern Europe, leads negotiators to focus on a set of principles before any detailed discussion on specific clauses of the contract.

The pragmatist orientation, which is found in northern Europe and most former UK colonies, leads to negotiators to define problems of limited scope, then solve them one after the other. They tend to concentrate their thinking on supportable facts and are willing to reach practical decisions.

Communication may be difficult when partners do not share the same mental scheme.

Intellectual style – A decision to act is primarily based on

- ❖ Data
- ❖ Theory-style
- ❖ Personal conviction
- ❖ Morality

Wishful thinking?

The fourth and fifth problem focuses on cultural assumptions relating to our subjective reality and the role of emotions in public life. Management is based on the principle of reality, and not on the principle of pleasure. Therefore, there is a little interest in examining an individual's desires and feelings, which are considered to be purely subjective.

In **a cross-cultural context**, desires and feelings are important. People have different ways of relating their actions to their desires and feelings.

Wishful thinking is based on, **first, thinking, then, saying**, how one wants things to be, not how they are. Since nobody knows exactly how things will be in the future, a non-wishful-thinking-oriented person will try to say how he or she realistically thinks they will be, not how he or she wants them to be. Wishful thinking is more inhibited in a culture that clearly divides words from deeds (do what you say, say what you do).

Wishfull thinking is more prevalent **in present-oriented cultures**, because people do not worry about the future. Wishfull thinking is a way to escape from the constraints of longer-term realities by focusing on the here and now.

Wishfull thinking is related to any action that deals with the future and with potential reality, including the listing of prices, negotiations, the management of deliveray delays, attitudes towards new projectss, advertising campaigns...

Members of cultures which are affectively neutral do not telegraph their feelings but **keep them carefully controlled**. Neutral cultures are not necessarily cold or unfeeling. Trompenaars classified countries on the basis of individual's self-reported willingness to express their feelings openly if they felt upset about something at work. The highest neutrality was for the Japanes (83%), followed by Germany (75%) and the UK (71%)... Italy and France were cleary more affective cultures, with more people agreeing they would express their feelings openly.

The contrast between affective and neutral cultures is closely **related to the being/doing** divide in basic cultural assumptions and to dependence in the models of interactions. If people are strictly doing oriented, they tend to disregard expresssions of being. Feelings and affectivity are seen as being in the purely personal and private individual domain.

The feelings/action issue is **important for the choice of partners** to improve communications in marketing negotiations, managing sales personnel, establishing relationships with foreign distributions channes, or pepareing locally appropriate advertising materials. Every culture has certain codes and rituals that allow for a compromise between the 2 extreme positions.

- 1) Expressing emotions is legitimate and usefule for action (affective cultures).
- 2) Expressing emotions needs to be separated from action (neutral cultures).

Wishfull thinking allowed	Wishfull thinking not allowed
❖ Future oriented	❖ Not realistic
❖ No reality-check of wishes	❖ Reality-check of wishes
→ Affective cultures like Italy and France.	→ Neutral cultures like Japan, Germany and UK.

→The US and The Netherlands are in between!

Rules – Law & order

How to deal with rules? The interpretation of rules are **culturally bound**. A **rule** is an authoritative regulation or direction concerning methode or procedure. Rules are formalized norms that generally compromise a scale of sanctions. Rules can be made which are respected, discussed and implemented quite explicity, or there may be a discrepancy between ideal rules and what people actually do, leading them to behaviour involving the exploring and bypassin g of rules.

Consumer behaviour

Business ethics, waiting (queuing), importance of instructions for use, providing truthful information (questionnaires)...

Some typical indicators of rule-related behaviour include how people deal with speed limits, traffic lights, queuing at banks or bus stations... A naive interpretation of rules would be that they are made to be respected. The real function of rules is more complex. Written rules are fairly standard across cultures, it is the way we react to them that differs. Rules need to be interpreted on the basis of our cultural assumptions and interaction models.

1) A positive/negative human orientation

A positive human orientation leads to rules where sanctions are small and often positive reinforced, with a reward for respecting the rule being preferred to a penalty. People are trusted to respect rules and they are seen to gain benefits from them.

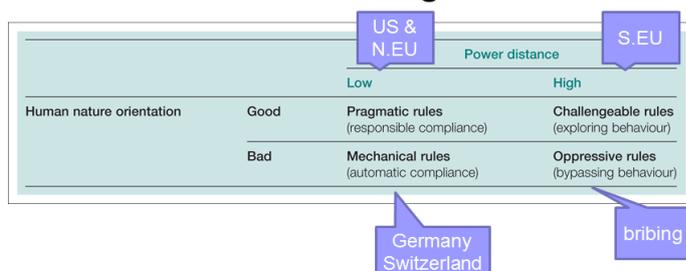
A negative human orientation leads to rules where sanctions are high and severe. People cannot be trusted to respect rules, because human nature is seen as basically bad. There is no faith in objectivity.

2) The level of power distance in a society has an influence on the design and the implementation of rules. Low power distance results in people having input, to the design of rules. It also leads to rules being applied with a sense of fairness and equity to everybody, including those with more power in the society.

High power distance results in people being subject of rules that are designed and imposed by others. These rules are more stringently to those with less power in society. The most powerful people are seen as being beyond the reach of rules that are designed to control ordinary people.

3) Strong ingroup orientation often leads to the syndrome that rules are 'applicable only here'. Rules do not need to be followed when outside their community.

Influence on marketing?



Explanation:

a) Pragmatic rules

People generally comply with the rule out of a sense of responsibility built on positive motivation. Rules are understood as helping society to work more smoothly and efficiently and everyone is supposed to benefit from their being respected. In this picture, people are universally at ease with the rules, even if they sometimes break them (nobody is perfect).

This rules have a good view on people. A rule is okay en must be followed, but there are exceptions.

b) Challengeable rules

The power distance is reasonably high and ordinary people view themselves as having a better nature than those on the top. The rules are mostly directed at the population from the top, without instructions for use. People are expected to investigate the extent to which rules can be transgressed. The only way to expore a new rule is to breach it discreetly, in order to knwo whether it is intended to be applied seriously.

People can obey rules, but if they feel that a rule is not good, then they can try to change the system.

c) Mechanical rules

Mechanical rules are made democratically because power distance is lowe. But there is a distrust of people. Sanctions are explicit and implemented literally. Respect for rules has a mechanical and automatic side: they are applied literally.

d) Oppressive rules

Oppressive rules oblige people to bypass the la and encourage rules towards corrupt behaviour, in that they can implement un-implementable rules with some leniency in exchange for a bribe. Oppressive rules lead to a high discrepancy between what people say they will do and what they actually do. This leads to a sort of systematic social schizophrenia. This kind of rules are basically bad. People can find out their own rules.

This rules are found in societies with high power distance and negative assumptions to the nature of beings, powerful or not.

Summary:

Basic problem/cultural orientations	Contrasts across cultures
1. Why act? (a) Doing/mastery (b) Being/subjugation to nature	<ul style="list-style-type: none"> Nothing is impossible. It is unconscionable when one does nothing ('master of destiny'). Fate is responsible for most actions; we should not try to thwart it. One must accept their destiny ('subjugation').
2. What is action? (a) 'Speech' orientation (b) 'Deed' orientation	<ul style="list-style-type: none"> Speech is action. There are many paths to successful action. Speech is separate from action (do, not talk). There is a clear sequencing of the steps for successful action.
3. How to relate thinking to action? (a) Ideologism (b) Pragmatism (c) Intellectual styles	<ul style="list-style-type: none"> Take decisions from a range of solutions. Thinking patterns, style of speech and actions selected within the context of broad ideological principles (religious, political, social, legal, etc.). Make decisions by problem solving. Precise issues must be addressed and a practical attitude is favoured to achieve concrete results. Differences in assigning a dominant role to theory (Teutonic style), empirical evidence (Saxonic style), speech (Galic style) or modesty and virtue (Nipponic style) in assessing truthful propositions for action.
4. How to relate wishes and desires to action? (a) 'Wishful thinking' orientation (WT) (b) Non-WT	<ul style="list-style-type: none"> Emphasize enthusiasm, imagination of the future. Emphasize the principle of reality. Desires and wishes are checked objectively against constraints of the real world.
5. How to relate feelings to action? (a) Affective (A) (b) Neutral (N)	<ul style="list-style-type: none"> People believe that mixing feelings and actions is legitimate and useful. People separate feelings from actions. They separate friendship from business.
6. How to deal with rules? (a) Practical rules (b) Ideal rules	<ul style="list-style-type: none"> Rules are made and respected, discussed and implemented quite strictly. There is discrepancy between the 'ideal' rules and what people actually do. Exploring and bypassing rules is an accepted practice.

40

- insurance? Recovery?
- Negotiations in high vs low context cultures?
- Slow vs fast decisions? Theoretical vs practical? Correct action: data, theory, conviction, or morality?
- Innovation?
- France vs. Japan Kisses and relations
- Religiousness & alcohol?

Table 3.5 Attitudes towards action: cultural influence best pronounced for complex, non-routine actions

3.3 Cultural assumptions and actual behaviour

As previously explained, all societies face common problems, and although there is a dominant solution, alternatives are always present.

Convergence of cultures so far?

Evidence says 'no', even if we only look at the rich countries. People use the new media to strengthen their cultural identity (immigrants, researchers, family members, hobbyists, extremists..).

Values @ Business

→ Shows how values are translated in business.



<http://www.tnsglobal.com/what-we-do/needscope>
http://www.focus.co.nz/webpages/what_is_needscope.html

<http://w3.ipsos.com/marketing/censydiam/>



Chapter 4: Language, culture and communication

Language plays a central role in marketing communication when they take place in an interational and multilingual context. The communication styles and world views are deeply influenced by the structure of languages. Language is obviously a major component of culture.

Given the variety of national and regional languages, one cannot expect to be able to speak and write them all.

4.1 Verbal communications – The role of context

‘Verbal’ implies words and sentences and written communication. Linguistic differences are often perceived to be one of the main causes of intercultural communication misunderstandings. Non-verbal communication, helps people to understand the communication.

A first major distinction in cross-cultural, language-based communictions is whether the message sent by the speaker are explicit. ‘Can they be taken literally rather than be interpeted in the context?’ Setting messages in context would imply that what is literally said has to be reinterpreted using various cues taken from the context, particularly the cultural background of the speaker.

When we think about communicating, we first think of the verbal mode of communication. Phrases and words in a language have a precise meaning. We believe that a listener can receive a clear message from a speaker.

Effective communication incorporates several elements:

- 1) The verbal is **primarily**, but also the non-verbal information is important. Examples of non-verbal communications are gestures, attitutes...
- 2) Communication **integrates feedback mechanisms** to verify or improve the clarity of messages. In many cultures it is important to check the accuracy of the communication by multiple means, including repetition, interruptions...
- 3) In moste cases communication is **dependent on its context**, including who says it and where and when it is said. Contextual factors may change what seems to be said literally.
 - Who, where, when..
 - Age, sex, dress, social standing...
 - Workplace, showroom, home, friends...

The concept of context brings together the sum of mechansim that allow the message to be understood in relation to the beliefs or standards shared by a group of people within a given culture. While almost all verbal messages involve some element of contextual information, culture differs in the extent to which this information is central to understanding the message.

Example: 25° = Summer or winter time?

- In US = Winter
- In Continental Europa = Summer

The emphasis on the role of context in cross-cultural communication was highlighted by Edward Hall. He identified low context and high context cultures.

Low context cultures	High context cultures
The information is in words. The mass of the information is vested in the explicit code.	The information is in symbolism of indirect verbal expression. Most of the information is the physical context or person.
People tend to focus on specific issues and address their counterpart in a specific role, not necessarily impersonally, but with a specific view of what the other has to do.	People generally address broader issues and move more easily between different conceptions of their counterpart.
People favour explicit messages. These messages are almost digital. The message can be interpreted quite literally. Here, anything other than the words, is less important to the message.	The actual words convey ³⁴ less of the message. The words depend of the person of the situation. People of high context cultures use implicit messages. Therefore, they cannot communicate effectively unless they have a fairly good understanding of their conversation partner.
So, to be effective, it must be direct and unambiguous. Advertisements have more arguments and rhetoric .	So, words can have different meanings depending on the context. Advertisements have more visual, symbols and associations .
f.e. The Swiss.	f.e. Japan

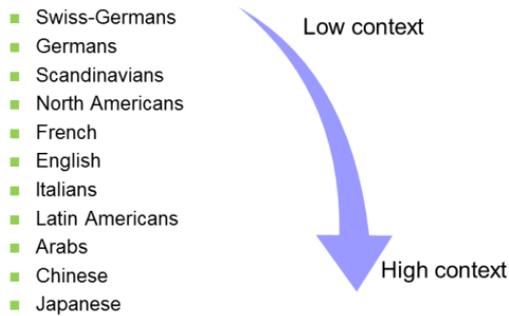
This 2 cultures indicates that an understanding of who the other person is (age, gender, dress, social standing...) may be important to understanding and decoding the actual verbal message. It also indicates that the location (workplace, home, dinner) and type of conversation (with friends, with colleagues, a business meeting...) may also influence the way the verbal message is decoded.

Misunderstandings between cross-cultural communicators may be due to differences in opinion as to what is truly important. On the one hand, a person of a high-context (**diffuse communication** culture) will prefer spending some time chatting about life in general, with the purpose to getting to know the negotiating partner. On the other hand, a person from a low-context (**specific communication** culture), will prefer to get straight down to business, with the aim of minimizing wasted time chatting about irrelevant matters.

There are also cultures that fall in **the middle** range, where people may alternate between an explicit/specific and an implicit/diffuse communication style. The UK and France have this tendency.

³⁴ Convey = Overdragen

High vs. Low context:



Context components include

- ❖ *Nuances in the verbal message* – Sarcasm, added meaning...
- ❖ *Non-verbal communication* – Gestures, eye contact...
- ❖ *Personal characteristics* – Age, weight, dress, gender, status...
- ❖ *Environmental content* – Place, atmosphere, time frame...

Sixteen ways the Japanese avoid saying 'No'

1. Vague 'no'
2. Vague and ambiguous 'yes' or 'no'
3. Silence
4. Counter-question
5. Tangential responses
6. Exiting (leaving)
7. Lying (equivocation or making an excuse – sickness, previous obligation, etc.)
8. Criticizing the question itself
9. Refusing the question
10. Conditional 'no'
11. 'Yes, but...'
12. Delaying answers (e.g. 'We will write you a letter'.)
13. Internally 'yes', externally 'no'
14. Internally 'no', externally 'yes'
15. Apology
16. The equivalent of the English 'no' – primarily used in filling out forms, *not* in conversation.

Explanation:

Japanese people have 16 manners to say 'no'. That is important, otherwise, we will interpret things wrong.

High-context business communication – They have a greater reliance³⁵ on:

- ❖ Normative cultural knowledge.
- ❖ Informal information and networks.
- ❖ Indirect message formation.

→ Create an atmosphere before you get down to business!

³⁵ Reliance = Vertrouwen

Verbal communications styles include a series of other elements, including the tone of voice, frequency and nature of conversational overlap, speed of speech, degree of apparent involvement in what one says...

Communication styles – Subconscious norms and naive interpretations

- ❖ Individualist assertiveness (boasting³⁶) vs. Collectivist modesty (self-effacing³⁷).
- ❖ Latin '2 speaker' (disinterest) vs. Japanese '2 listeners' (disinterest).
- ❖ Latin interruptions (rude) vs. Anglo-Saxon 'stage' (boring).
- ❖ Western eye contact (rude³⁸) vs. Eastern eye lowering (lack of honesty, inattentive).

4.2 Non-verbal communication

Much of what is exchanged³⁹ in communication is implicit, rather than explicit. The non-verbal aspects of communication, including the rules usage are culture-bound. For instance, Jordanians, compared to Americans, make more eye contact, use a more direct body orientation and touch each other more often during their communication.

Non-verbal communication is part of the context. Examples are gestures, facial expressions and eye contact and many others behavior.

→ Try to make a cultural gesture that will only be correctly interpreted by locals.

The elements of context can be separated into 4 components:

- 1) Non-verbal communication components
→ f.e. gestures, gesticulations, eye contact...
- 2) The components of verbal messages
→ f.e. Saying 'yes' in a way that makes it mean 'no'.
- 3) Personal characteristics that are emitted unintentionally by the speakers (age, size, weight, sex, status, dress...). All of these characteristics are encoded as part of the speakers' communication and decoded by the listener according to his or her own culture.
- 4) Environmental components or the circumstances of the conversation.
→ f.e. the type of place, atmosphere, organization of the space...



³⁶ Boasting = Opscheppen

³⁷ Self-effacing = Bescheiden

³⁸ Rude = Onbeleefd

³⁹ To exchange = Uitwisselen

Body language is an infinite **source of differences and misunderstandings**. Some gestures can be understood very differently from what was intended. While most gestures have the potential to convey multiple meanings in intercultural settings, hand gestures are particularly problematic. Moving the hand from left to right is a sign of negation for most cultures, but in other cultures it can be a sign of affirmation.

The manner of greeting people also differs greatly between cultures. While the French have the custom of shaking hands the first time they meet a person each day, most Anglo cultures (Australia, the USA and the UK) use this custom much less. People from these cultures are surprised by this gesture.

Physical contact and proxemics form another area of non-verbal communication, where large differences exist across cultures. Examples of physical contact are kissing the cheek, lips, hand, or foot, taking a person by the arm, clasping the shoulders, shaking hands... Different levels of physical contact between genders vary widely across cultures. For instance, the way in which men and women show their feelings for each other by kissing in public in some European cultures, such as France, may be shocking in other cultures, where this behaviour is seen as something that should be kept private.

Laughing and smiling also are forms of communication. A smile can be a sign of satisfaction, of agreement, or even nothing at all. Certain cultures consider the spontaneous expression of attitudes and emotions by a facial expression to be normal, but other cultures (particularly in Asia), it is more desirable not to show emotion.

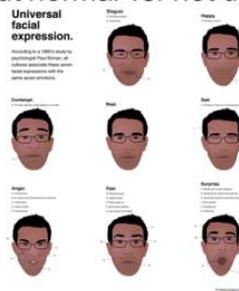
Visual engagement, such as looking someone straight in the eyes, or, conversely, looking away, lowering the eyes, or turning them away when they meet someone else's, all have different meanings in different cultures.

Example:

Japanese children are taught in school not to look their teachers in the eye, but to look at the level of the neck. European have a tendency to look people straight in the eyes.

□ Universal (Ekman) but normal vs. not desirable

- Rest
- Disgust
- Surprise
- Happy
- Contempt
- Sad
- Anger
- Fear



Dealing with unknown communication styles, especially non-verbal ones, is not an easy task. It is impossible to have a knowledge of the full range of cultural interpretations of physical behaviour, gestures and contact.

→ **Unlearning to learn.** Awareness of differences allow us to unlearn or discover cultural relativity of our own (non-)verbal communication.

→ = Difficult!

Politeness is important in intercultural communications. These social considerations are often conveyed by non-verbal elements of communication and, are always high context in any culture. There are some universal rules, but there are many more rules that vary across cultures.

Summary:

Box 4.4 

Categories of non-verbal behaviour and specific behaviours

<ul style="list-style-type: none"> ■ Smiling: Smiling frequency and duration, extent of smile, facial agreement. ■ Eye contact: Frequency, duration. ■ Raised brows: Eyebrows raised/lowered. ■ Expressiveness: Facial expressiveness, intensity of facial expression. ■ Nodding: Nod frequency, nod rate. ■ Self-touch: Duration, frequency of touching nose, lip, hand, face, head or hair. 	<ul style="list-style-type: none"> ■ Body/leg shifting: Movement frequency, leg re-crossing, shifting while listening or speaking. ■ Moving feet: Position and movement of feet. ■ Distance: Seated and standing distance to other. ■ Facing orientation: Directness of orientation to interaction partner. ■ Vocal: Pitch, loudness, animation, vocal tension. ■ Interruptions: Interruption rate.
---	---

Box 4.4 

Categories of non-verbal behaviour and specific behaviours

<ul style="list-style-type: none"> ■ Other-touch: Hand on arm, shoulder, back, knee, or hand touch tendencies, touch duration, instrumental touch. ■ Hand/arm gestures: Gesture and frequency. ■ Postural openness: Legs open, folded, extended, arm wrap or clasped behind head, body position open/closed, making oneself look smaller or taller. ■ Postural relaxation: Erect posture, lean backwards, relaxed posture, forward lean. 	<ul style="list-style-type: none"> ■ Overlaps: Overlapping simultaneous speech. ■ Pausing/latency: Response latency before speaking, frequency. ■ Filled pauses: Use of sounds such as 'uh', pause frequency. ■ Speech errors: Rate of verbal fluency, speech errors. ■ Laughter: Laughing frequency, relaxed laughter. ■ Rate of speech: Rate of speech.
--	---

4.3 Language shaping our world views

Language interacts with our view of the world, and conditions our experiences. This issue is especially **important for advertisers**, who need to describe consumer benefits, suggest product qualities and convince potential buyers, very rapidly. Language in advertising is not only used to communicate literal meaning, but it is also used to convey a very rapid understanding or to evoke a mood or emotion. For example, life insurance advertising carries the implication of death, which may be taboo in certain cultures.

Advertising is never as standardized as it may seem. For instance, a brand that is sold worldwide is not necessarily perceived as global in all countries. For example, Coca-Cola is considered to be a global brand, but it is often perceived as American in other countries. Despite the worldwide perception, people still tend to interpret it through their own values and usage contexts.

Does language shape culture, and therefore cultural behaviour, or does language simply reflect culture? In this section we provide examples that illustrate the ways in which language can shape and reflect different assumptions in terms of time, emotions and feelings, attitude to action, social hierarchy and how this is expressed in the phrases used in marketing communications.

Languages influences our way of observing, describing, interacting and eventually constructing our reality or world view. There is a growing body of research that indicates that culture, rather than language alone, is responsible for differences in organization.

The vast majority of marketing text is written in English and translated into other languages. It rarely happens the other way around.

Language is intertwined⁴⁰ with culture:

Verbal personal style	Verbal contextual style
❖ Person oriented (English)	❖ Role oriented.
❖ The sender is responsible for an unambiguous effective message.	→ Different ways addressing people
❖ Power distance (equal status)	→ Japanese, Chinese
❖ Individualism (low context)	❖ The receiver is responsible for an effective message.
	❖ Power distance (unequal status)
	❖ Collectivism (high context)

*Marketing – More important to be understood than to understand
The translation of (marketing) ideas is difficult⁴¹*

- ❖ Keep culturally unique concepts in the native language to signal uniqueness.
- ❖ Question interpreters about the precise meaning in the cultural context.
- ❖ Clearly identify shared meanings.

A few mistakes...

- ❖ Coors 'Turn it loose'
→ In Spanish 'Suffer from diarrhoea'
- ❖ Chevy Nova
→ In Spanish 'Nova' means 'it doesn't go'
- ❖ 'Pepsi Brings You Back to Life'
→ In Chinese 'Pepsi Brings You Ancestors Back from the Grave'
- ❖ Clairol's 'Mist Stick'
→ In Germany mist is slang for manure/slurry
- ❖ Baby food had cute baby on the label
→ In Africa, companies routinely put pictures on the label of what's inside since most people can't read.

⁴⁰ To intertwine = Verweven, verbonden

⁴¹ Zie HF 13.

4.4 The internet – Communication in cyberspace

it is important for businesses to understand that high-context languages are the ones that are growing most rapidly on the Internet.

Language translating is **a complex issue!** It might seem attractive to use automatic translation on the Internet, but there are many problems with accuracy. But there are also error states, who can cause serious problems in international business.

E-mail communication is important, it leads itself **to low-context communication**, so that we need to be very conscious of the receiver's cultural background. For instance, a common practise in the US is to automatically address other by their first name. The same is true in Iceland and Canada. In more formal countries, such as Germany, Austria, people would never address a new contact by their first name unless invited to do so. Further, in high-context countries, it is important to allow⁴² the context to flow into the message.

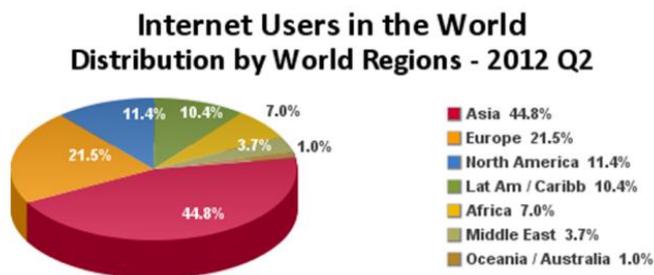
Translating for the Internet:

English is (too) dominant and direct translation is difficult.

- ❖ Software character constrains?
- ❖ Differences in necessary space?
→ f.e. German translation may be twice as long.
- ❖ Translators make mistakes!
- ❖ Cost effectiveness?

World Internet statistics

- <http://www.internetworldstats.com/stats.htm>



Source: Internet World Stats - www.internetworldstats.com/stats.htm
Basis: 2,405,518,376 Internet users on June 30, 2012
Copyright © 2012, Miniwatts Marketing Group

The Internet

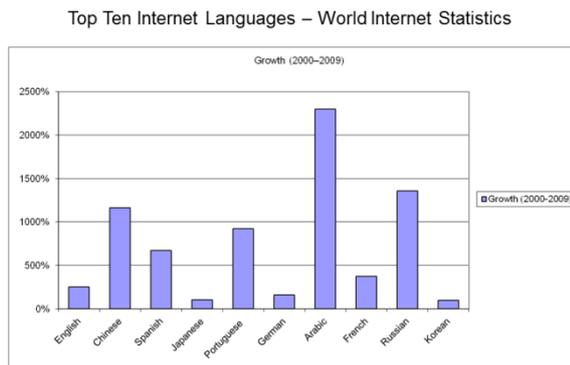
Most common user languages in 2013

Top Ten Languages Used in the Web - December 31, 2013 (Number of Internet Users by Language)					
TOP TEN LANGUAGES IN THE INTERNET	Internet Users by Language	Internet Penetration (% Population)	Users Growth in Internet (2000 - 2013)	Internet Users % of World Total (Participation)	World Population for this Language (2014 Estimate)
English	806,625,314	58.4 %	468.8 %	28.6 %	1,370,977,116
Chinese	649,375,491	46.6 %	1,910.3 %	23.2 %	1,392,320,407
Spanish	222,406,379	50.9 %	1,123.3 %	7.9 %	439,320,916
Arabic	135,610,819	36.9 %	5,296.6 %	4.8 %	367,465,766
Portuguese	121,779,703	46.7 %	1,507.4 %	4.3 %	260,874,775
Japanese	109,626,672	86.2 %	132.9 %	3.9 %	127,103,388
Russian	87,476,747	61.4 %	2,721.8 %	3.1 %	142,470,272
German	81,139,942	85.7 %	194.9 %	2.9 %	94,652,582
French	78,891,813	20.9 %	557.5 %	2.8 %	377,424,669
Malay	75,459,025	26.6 %	1,216.9 %	2.7 %	284,105,671
TOP 10 LANGUAGES	2,362,391,905	48.5 %	696.1 %	84.3 %	4,856,715,562
Rest of the Languages	440,087,029	19.0 %	585.2 %	15.7 %	2,325,143,057
WORD TOTAL	2,802,478,934	39.0 %	676.3 %	100.0 %	7,181,858,619

NOTES: (1) Top Ten Languages Internet Stats were updated for December 31 2013. (2) Internet Penetration is the ratio between the sum of Internet users speaking a language and the total population estimate that speaks that specific language. (3) The most recent Internet usage information comes from data published by Nielsen Online, International Telecommunications Union, GfK, and other reliable sources. (4) World population information comes mainly from the U.S. Census Bureau. (5) For definitions, methodology and navigation help, see the [Site Surfing Guide](#). (6) Stats may be cited, stating the source and establishing an active link back to [Internet World Stats](#). Copyright © 2014, Miniwatts Marketing Group. All rights reserved worldwide.

⁴² To allow = Toestaan

Growth Internet (2000-2009)



Translation is not enough

→ Lower-context country B2B websites are more likely to:

- ❖ Be easy to find.
- ❖ Be exciting and entertaining.
- ❖ Have user-friendly navigation.
- ❖ Include corporate information
 - Distributors, newsletters, jobs, activities, references and financial
- ❖ Include product information cues
 - Information and links
- ❖ Include transaction cues
 - Prices, availability, tips for use and end use and product software
- ❖ Online two-way communication
 - Customization, secure transactions and logistics

4.5 Improving communication - Business & communication

Businesspeople from different cultures do not only communicate in different ways, they also perceive, categorize and construct their realities differently. This supposes a 'state of alert' in communication!

For instance, when examining contract clauses it is crucial to extricate⁴³ the true meaning of each clause, starting from the perspective that the words used will never be exactly equivalent.

⁴³ To extricate = Uitlichten

Effective communication:

- ❖ PREPARE: understand their culture as a preventive measure.
- ❖ Asses possible interaction obstacles.
- ❖ Check, verify explicit and implicit meaning.
- ❖ Try to avoid erroneous decoding of non-verbal messages.
- ❖ Understand that some parts of language cannot be translated.
- ❖ Asses the loyalty of interpretrse to their hirer.
- ❖ Ability to diffuse cultural misunderstandings.
- ❖ Practice!

→ Zie laatste slides van het hoofdstuk!

Chapter 5: Cross-cultural consumer behavior

This chapter is all about 'looking with other eyes'. It deals with the influence of culture on consumer behaviour. Looking with th 'same eyes' means that theories, underlying models, concepts are assumed to be universal.

Consumes buy meanings, marketers communicate meanings. Consumer goods are vehicles for cultural meanings (symbolic meaning – perceptions). Marketing is a process of exchange. A processe of exchange through buyer-seller relations, marketing communications or consumption, where interpretations are made spontaneously as if they were obvious relaities. Exchanges are culture based, shared by a social group.

Culture is a meta-language central to the marketing process.

→ Language, values, time and space, interactions...

Same habit, different 'meaning' - Breakfast around the World

- | | |
|--|---|
| <ul style="list-style-type: none">■ Australia<ul style="list-style-type: none">□ Vegemite on toast, or bacon and eggs with cooked tomatoes and mushrooms■ Mexico<ul style="list-style-type: none">□ Huevos rancheros (eggs on a tortilla with hot sauce) and refried beans■ USA<ul style="list-style-type: none">□ Pancakes, doughnuts, toast with butter, jam, or bacon and eggs■ France<ul style="list-style-type: none">□ Croissants/pain (plain, butter and jam or chocolate) | <ul style="list-style-type: none">■ China<ul style="list-style-type: none">□ Rice porridge, steamed buns■ Japan<ul style="list-style-type: none">□ Yakizana (broiled trout), nama tamajo (raw eggs) over gohan (steamed rice)■ Scandinavia<ul style="list-style-type: none">□ Marinated herring■ Austria<ul style="list-style-type: none">□ Dark bread with butter, jam, honey, chocolate, cheese, or ham, boiled eggs, pastries |
|--|---|

<http://youtu.be/ry1E1uzPSU0>

Google images:

breakfast China – breakfast France – breakfast ...
and compare the pictures!



Successful cross-cultural marketing = **Adapting 'meaning' to local values**

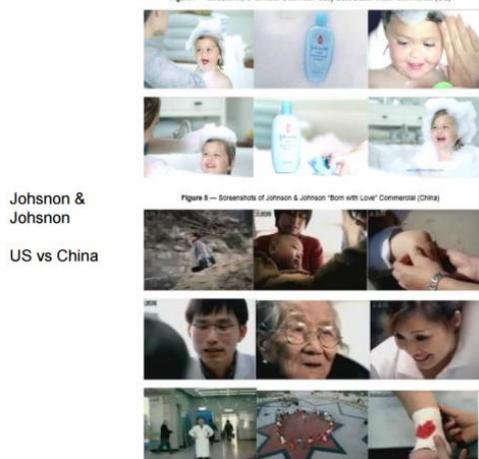
→ McDo to culture

Israel	China
<ul style="list-style-type: none">❖ Meat is 100% kosher.❖ Local advertising: religious prohibition to mix meat-based and milk-based food ingredients.❖ Some restaurants are closed on Saturday (respect of Shabbat and the prohibition to work on Saturday).	<ul style="list-style-type: none">❖ To face the competition, McDo has a rice-based menu.❖ Same ideas, different national values (chapter 3).❖ Positioning differs considerably<ul style="list-style-type: none">- Family restaurant (in the West).- Fun over food vs. Family & food- Quality vs. Quantity

The kitchen in Israel must take in account all these 'rules'.

→ Zie ook link slide!

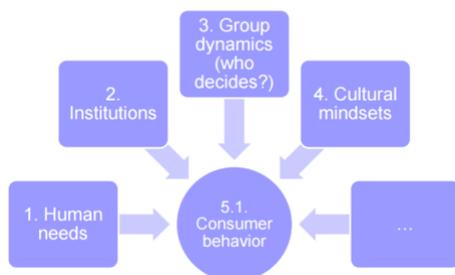
Example:



5.1 Culture and consumer behaviour

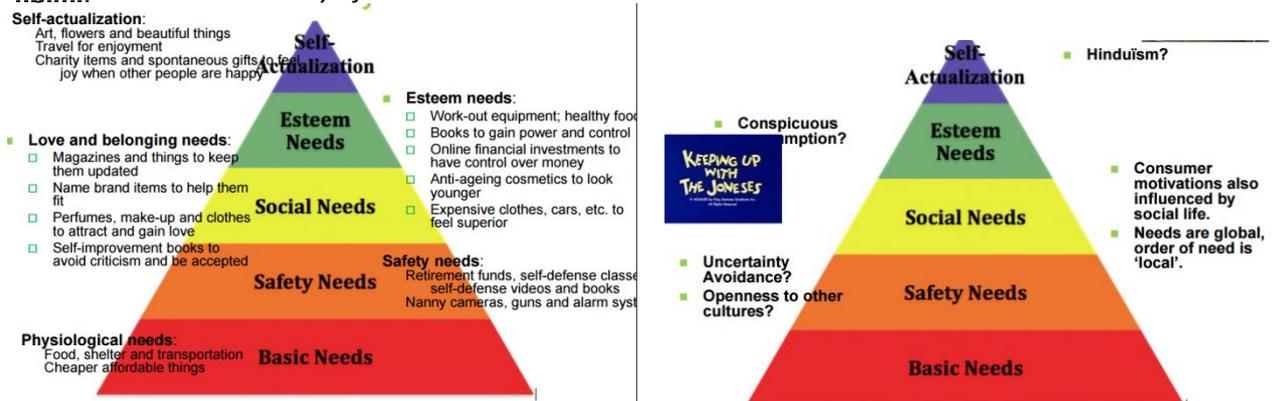
Consumer behaviour has strong universal components, but the cultural variations cannot be ignored.

Figure:



1) Human needs

Figure – Maslow's hierarchy of needs



Explanation:

Maslow's hierarchy of needs posits a hierarchical order of a set of basic universal needs. In this hierarchy, physiological needs must be satisfied first, because they are fundamental to survival. Then, safety needs, such as being protected from dangers in the environment, emerge when the physiological needs are satisfied. Then comes what Maslow calls social needs, which include friendship and love relationships. Then come esteem needs, such as the desire for respect from others, which is supported by status-improving goods. Finally, when all the other levels have been satisfied, is the need self-actualisation, the development of one's full potential as a human being. People will spend money on things they do not really need.

→ Western cultures spent a lot on love and belonging needs.

Culture influences this hierarchy on at least 2 levels.

- One of the basic axioms of Maslow's theory is not true in every culture, namely, that needs at a definite time must be satisfied in order for higher-order needs to appear.
- Similar kinds of needs may be satisfied in very different ways (product and consumption types).

The level of economic development influences the satisfaction of our needs. In less developed economies, people usually focus on more basic survival needs. However, some cultures encourage the pursuit of self-actualization, the highest level, and discourage the pursuit of lower-level needs.

2) Institutions

Institutions such as the State, the Church and Trade Unions influence the marketing environment, which also have an impact on the consumer behaviour. The French Catholic hierarchy has generally been opposed to Sunday trading.

Some products are **institution-dependent**. For example marriage-goeds, such as a wedding dress, the product on the wedding list or the many kind of traditional gifts offered on this occasion. Other examples are Public Holidays and National Events, like Sinterklaas, Thanksgiving, Boxing day...

Daily life (work-life balance) encloses eating habits, work habits, sleeping habits... How we organize our working day influences our eating habits. At noon, we have less time, in the evening, we have more time.

There are cultural variations in eating habits.

- a) The number of meals consumed each day.
- b) The standard duration and the position of meals in the daily schedule.
- c) The composition of each meal. Servings may differ in size, types of food, the nutritional content...
- d) Beverages that accompany meals (water, coffee, tea, wine, beer...) and their functional use as a refresher, energizer, coolant or relaxer.
- e) The social function. Meals may be communal events where people entertain themselves by eating and chatting, or it may simply be a means of feeding oneself without any symbolic connotation.
- f) The way it is put together. Is the food ready-made or is it prepared from basic ingredients? What is the cultural meaning of the meal being prepared by the wife or by her husband, for whom, in which particular situations?

The list of cultural variations in eating habits is endless, because nothing is more essential, more vital defined by culture than eating habits.

3) Who makes decision?

Research shows that our decisions are strongly influenced by social factors. 2 areas of marketing research can be used to examine group decisions: industrial marketing and family-decision-making. Both literatures recognize that different people exert more or less influence depending on the importance of that decision to the group or individual.

Generally, unimportant decisions are made by individuals, midrange decisions by a group and very important decisions by a key decision maker.

In the **consumer behaviour** literature, the family is often seen as an interacting group of individuals, who influence each other in their decisions. Research usually focuses on one or two family members, almost always including mother, who are asked about family purchasing decisions.

Social and cultural factors have an impact on the decision-making. Family is one of the most important institutions. There are 4 stereotypical types of societies (**family structures**) where the marital power is likely to differ.

a) Patriarchy

A high level of paternal authority across all levels of society. One person in the family dominates the other members. Mostly the men. But it also depends on the culture.
 → f.e. India and most traditional religions

b) Modified patriarchy

Patriarchal family norms can differ by social class.
 → f.e. Greece + Blakan
 → **Being** societies

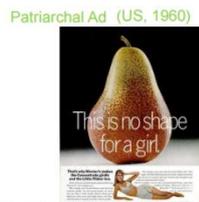
c) Transitional equalitarianism

Equalitarian norms are replacing patriarchal norms, giving more normative flexibility, depending on personal resources. If you achieve a certain statute, then you can take decisions.
 → f.e. US and other former traditional societies
 → **Doing** societies

d) Equalitarianism

strong equalitarian values, where both husband and wife share power throughout all levels of society. Everybody in the family has power to make decisions.
 → f.e. Denmark and Sweden.

Illustrations:



The women has to do the housekeeping.
 There is no discussion about that.

If you practise well, then you have the freedom. You can select what you want. First achieving things, then you can take decisions.

Family decision-making is also likely to differ across the individualism-collectivism and masculinity-femininity.

Table – Family decision-making and culture

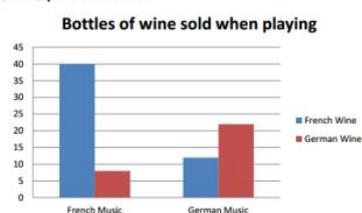
	Feminine	Masculine
Individualist	<ul style="list-style-type: none"> • Gender roles overlap • individual freedom • e.g. Denmark, Norway and Sweden 	<ul style="list-style-type: none"> • gender-role differences; less equality; • individual freedom • e.g. Australia, Germany, UK and USA
Collectivist	<ul style="list-style-type: none"> • Gender roles overlap • less autonomy; more family influence • e.g. Chile, South Korea and Thailand 	<ul style="list-style-type: none"> • gender-role differences; less equality; • less autonomy; more family influence • e.g. Hong Kong, Japan and Mexico

- ❖ *Highly feminine individualist cultures*, share social and economic responsibilities between men and women. They have overlapping gender roles, and high levels of equality and individual freedom.
→ f.e. Denmark, Norway and Sweden.
- ❖ *Highly feminine collectivist cultures*, share social and economic responsibilities and have a high level of equality, but they have less individual freedom. In Thailand there are generally stronger family ties, more communication and family members have a greater influence on consumption behaviour than in Western families. So, there is no real distinction about what women and men may do. The family takes decisions.
→ f.e. Chile, South Korea and Thailand.
- ❖ *Highly masculine individualist cultures*, have large gender role differences, and lower equality and a high level of individual freedom.
→ f.e. Australia, Germany, the UK and the US.
- ❖ *Highly masculine collectivist cultures*, have large gender role differences, and lower levels of equality and individual freedom.
→ f.e. Hong Kong, Japan, Mexico

4) Self-concepts or mindsets

Consumers buy objects and services for the value they provide. Mindsets are an influence of the contextual information.

- Influence of **contextual information**
- Cf. Islamic banking in Western World, Halal burger, ...
- North, A., Hargreaves, D. & McKendrick, J., (1999), "The influence of in-store music on wine selections", *Journal of Applied Psychology*, 84, p. 271-276.



Independent vs. Interdependent self-construal is **one of the most studied mindsets**. A mindset is something that is influenced by the context. For example, using islamic symbols to promote islamic banks.

- Independent is more common in individualist countries.
- Interdependent is more common in collectivist countries.

When the independent self-concept is salient, individuals will naturally think about their identity as being separate and distinct, whereas when the interdependent self-construal is salient, individuals will naturally think about their identity as being connected with others. In this way people in collectivist cultures are able to do tasks that require being distinct rather than connected when the situation requires it.

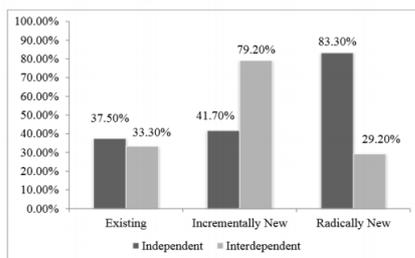
The salience of an interdependent or independent self-construal has been found to influence many aspects of consumer behaviour, including reasons for purchase, impulsive buying behaviour, references for consumption symbols....

Independent	Interdependent
❖ Prevalent in individualist cultures	❖ Prevalent in collectivist cultures.
❖ Separate and distinct	❖ Overlap, common bond.
❖ Self-regulation	❖ Identity in relationships.
❖ Behaviour reflects own beliefs, tastes, attitudes, values...	❖ Behaviour also reflects ingroup beliefs, tastes, attitudes, values.

Figure:

→ Linked to product innovation

Figure 1
Study 3: Adoption Rate for INP, RNP, and Existing Products across Independent and Interdependent Self-perspectives



Purchase Intention for status products is higher when independent mindset is activated

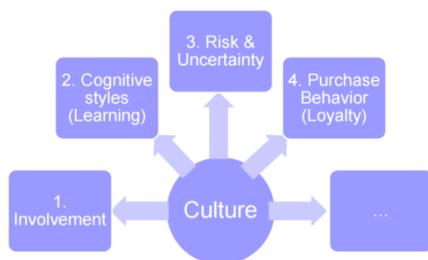


Interdependent mindsets and online communities.



5.2 The influence of culture on selected aspects of consumer behavior

Figure:



Cultural impacts our psychological processes

- ❖ Perception – Perception of shapes, colours and space.
- ❖ Motivation
 - To own, buy, spend, consume, show, share, give.
 - Product use in social settings.
- ❖ Learning and memory
 - Literacy and memory
 - Familiarity with product classes
- ❖ Attitude – Resistance to attitude change
- ❖ Decision making
 - Group influence
 - Compulsive buying
- ❖ Purchase
 - Value of certainty and loyalty
 - Salesperson's influence
- ❖ Post purchase
 - Perceptions of quality
 - Complaining behaviour
 - Satisfaction

Selected aspects of consumer behaviour

1) Consumer involvement

Consumer involvement is generally a function of a person, a product or service and a situation. Personal interests may vary, but situation factors are likely to assume increased importance in Eastern as opposed to Western cultures.

In Eastern cultures, the extent of consumer involvement is likely higher for publicly consumed or shared products. Eastern consumers value social harmony and smooth family relationships. Therefore the social significance of a product is very important, because it may express status, gratitude, approval and disapproval. In contrast, involvement is likely to be lower when products are used for private consumption.

Eastern:

- High involvement for public, shared products
- Low involvement for private products

Values are highly stressed in ads for public goods in Eastern cultures (less in Western cultures).

- f.e. High importance of social harmony & smooth family relationship in ads for public goods.
- f.e. status, approval, disapproval
- Functional benefit for low involvement products.

2) Cognitive styles

High involvement purchase decisions are generally thought to have 5 stages.

- ❖ *Problem recognition*

How are problems recognized? What are we aware of?

- ❖ *Information search*

How much do we know? What leads to involvement? What individual differences influence the need? How does uncertainty avoidance influence search?

- ❖ *Alternative evaluation*

What criteria makes something acceptable? Preferred? Relative influence of attributes, heuristics and feelings?

- ❖ *Purchase decision*

What situational variables are important? How does advertising/word of mouth/family influence decisions?

- ❖ *Post-purchase evaluation*

What leads to satisfaction? How much can our actions change things?

Each of these stages can be influenced by social and situational factors, including marketing stimuli.

Low involvement decisions: automaticity or impulses.

→ Zie ook slide 24.

3) Perceived risk

Perceived risk is an important consideration in the decision-making process, especially at the alternative evaluation.

TOTAL RISK = f(psychological)
= (Financial (individual))
= (Performance (individual))
= (Physical)
= (Social (collective))
= (Time or convenience)

In many **developing countries** physical risk has a low importance, because the mortality rate is high, and illness and death are accepted as part of life. The importance of physical risk will influence the purchase of many products, including insurance, healthcare, food and transportation. In a country where road safety is not a high priority, we might see people sitting on the top of trains.

Risk ≠ Uncertainty

It is important to note that risk is fundamentally different from uncertainty. Risk is a situation in which anything can happen

→ Hofstede: 'People may engage in risky behaviour in order to reduce ambiguity⁴⁴.'

Perceptions of uncertainty increase information search, whereas perceptions of risk influence the evaluation of alternatives.

→ Risk = Selection of alternatives

→ Uncertainty = Information search

TOTAL RISK WEST = TOTAL RISK EAST

- ❖ West: Performance and financial risk → Social risk
- ❖ East: Social risk → Performance & financial risk
→ Cushion theorie: Social ties to decrease financial risks.

→ Zie ook slide 27.

4) Loyalty – Brand, product, store

Consumers can be loyal, repeating their purchases on a regular basis, buying the same brand or product or buying at the same store or from the same catalogue or website. Loyal consumers prefer to be sure of what they buy. However, by doing this, they reduce their opportunity to find other, and perhaps better, choices which could provide them with more value for their money.

Disloyal consumers try new brands, shift from one brand to another when a new one is promoted, and take advantage of temporary price reductions. Disloyalty is the natural counterpart of loyalty.

West brand loyalty is carefully surveyed. Consumers are disloyal. Consumers are likely to switch brands to test competing products and to stimulate price competition. This behaviour is shown in advertising and sales promotion, because consumers enjoy change. They seek variety in their purchases. Variety has a link with the need for uniqueness, which is more prevalent in the Western cultures. Consumers are not rewarded for buying the same brand (brand loyal) and/or shopping in the same store (store loyal).

Loyalty is a key concept in collectivist cultures. Consumers in collectivist societies have been shown to be more loyal on average for 2 reasons.

- ❖ They tend to rely more on information found in their **reference group** (often by word-of-mouth communication) rather than on media information.
- ❖ They tend to follow **the group consensus** until they are convinced that a new product is better.

⁴⁴ Ambiguity = Dubbelzinnigheid

While consumer satisfaction is related to loyalty, the relationship is stronger in individualistic societies, because they have a higher level of uncertainty avoidance or masculinity.

It is necessary for **marketing strategies** to differ where consumers are fundamental more loyal and less. Uncertainty avoidance and collectivism are both positively related to loyalty, suggesting that companies entering markets with these characteristics will face more obstacles. Where consumers are more loyal, it may be necessary to build a loyal consumers base. Where consumers are less loyal, it may be more effective to persuade brand shifters to switch from other established brands, and then to try to turn the newly developed consumer base into a loyal one.

Individualism and low uncertainty avoidance	Collectivism and high uncertainty avoidance
<ul style="list-style-type: none"> ❖ Assumed disloyal ❖ Switching. They enjoy change more than stability. ❖ Variety seeking ❖ Price competition ❖ Need for uniqueness 	<ul style="list-style-type: none"> ❖ High level of brand dominance (40%-50%). ❖ Rely on information from reference group, word-of-mouth is important. ❖ Follow group consensus until proved wrong.

→ Product innovation to tackle unloyalty.

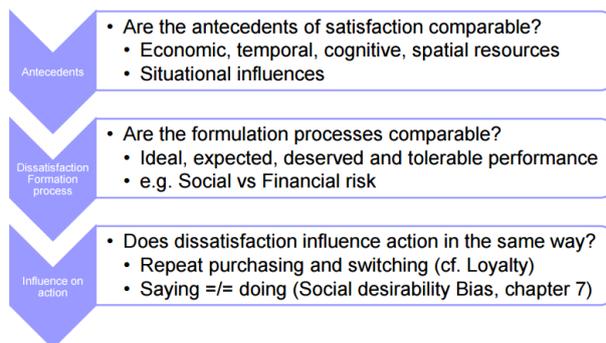
5.3 Investigating the cross-cultural applicability of consumer behaviour concepts

Word-of-mouth communication is universal. In any culture, people discuss and exchange information on their consumption experiences. People tend to seek information from acquaintances or online customer reviews when little relevant information is available, or when consumers have a low level of familiarity with complex products (f.e. a new computer or phone).

However, word-of-mouth communication is likely to be stronger in collectivist and ingroup-oriented societies.

Some marketing principles, aspects of consumer behaviour have to be redefined in different cultures. Marketers can do that with radical questioning, namely always asking why, why, why...?

→ f.e. customer dissatisfaction.



Western consumers in general voice more dissatisfaction than Eastern consumers. Collectivist consumers, on the other hand, are less likely to voice a complaint directly and more likely to engage in negative word-of-mouth.

The word construct relates to a concept that has several underlying dimensions, and may be measured quantitatively by identifying these various dimensions. The construct consumer dissatisfaction and complaint behaviour include 5 different aspects of attitudes towards complaining.

No complaints = Satisfied consumers?

There are different reasons for (not) complaining

- 1) Useless
→ f.e. historic supply shortage
- 2) Immoral – Indirect effect on innocent⁴⁵ workers
- 3) Social expectations
 - Individual → Direct complaints towards management
 - Collectivist → Negative word-of-mouth or disloyalty

Masculinity vs. Femininity – Complaining fit masculine societies.

Radical questioning = Asking why?

Why do people own, spend, save, buy, consume, display, give differently in different cultures?

→ f.e. If you learned to drive with an automatic gearbox, then you are allowed to drive with automatic gearboxes. You can not drive with non-automatic gearboxes. You are limited.
Reverse not.

→ + Zie HB p. 115

Some others important points:

- ❖ Most of our understanding of consumer behaviour is from college students in Western countries.
- ❖ Many universal theories are problematic in Eastern cultures.
→ Zie slide 33

5.4 Ethnic consumption

Ethnic consumption is a strong component of modern consumption culture, reflecting the internationalization of lifestyles through migration and travel. Ethnic products have been popularized worldwide and ethnic food and restaurants are fast-growing segments in the food industry.

Ethnic consumption has a great deal to do with mixing consumption patterns of a heritage and settlement country in subcultural groups, such as immigrants and refugees.

⁴⁵ Innocent = Onschuldig

One of the most influential models of migrant's adaptation and adjustment process is **John Berry's bi-dimensional model**, called '**Maintenance and Acquisition Model**'. This model is based on 2 orthogonal dimensions.

- Heritage culture maintenance

→ Some people will remain to the heritage culture (home culture), others will adopt the new culture.

- Settlement culture acquisition

→ Some people search for social types with the new culture. Others do not like that.

Figure – Berry's (1997) Acculturation Theory



Explanation:

These dimensions lead to 4 basic strategies.

1) **Assimilation**

The individual does not wish to maintain their heritage culture, but wishes to adopt the settlement culture. People do not interest anymore in the country where they come from.

2) **Integration**

Individual wishes to maintain their heritage culture and adopt the settlement culture. People try to connect with the new culture, but they keep elements of the own culture. It is a subculture in a new culture.

3) **Separation**

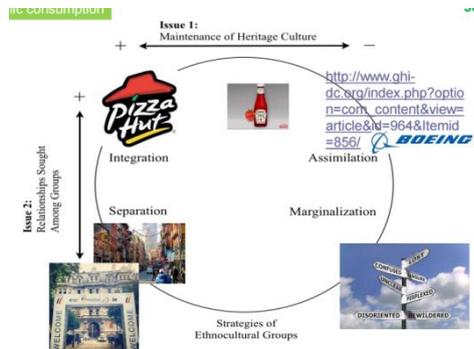
Individual wishes to maintain their heritage culture, but does not wish to adopt the settlement culture.

4) **Marginalization**

Individual does not wish to maintain their heritage culture or adopt the settlement culture.

Marginalization is considered the most problematic strategy. These strategies can be seen in the consumer behaviour ethnic groups.

Illustration:



Explanation:

- Pizza Hut tries to mix the Italian elements with the American elements.
- Separation: Creating a litte China. Italy is another country. Not trying to interact with global cultures.

Ethnic subcultures are bases on shared beliefs and habits and the sense of belonging to a specific group of people, which is different from the society.

How to incorporate ethnicity in marketing?

- ❖ Collective proper name
- ❖ Myth of common ancestry.
- ❖ Shared historical memories
- ❖ Differentiating elements of common culture (f.e. language)
- ❖ Association with homeland
- ❖ Sense of solidarity

Chapter 6: Local consumers and the globalization of consumption

The business world is going through a process of dramatic change and increased volatility. Every trend offers opportunities ans challenges for marketeers from a wide range of organizations.

The growth of the middle class (especially in liberazing emerging economics like China, India, Brazil, Indonesia and Turkey), and of the social network phenomenon, might be seen as an opportunity to target consumers who are increasingly sharing a common set of values, needs, habits and preferences.

Who owns these brands (Country of origin)?

■ Volvo Cars		Geely
■ Ducati		Audi
■ Motorola		Lenovo
■ Côte d'Or		Mondelez
■ LightInTheBox.com		own
■ Chrysler		Fiat
■ Lukoil		own
■ Australian		

Five important global trends

- 1) Shift in global power from the West to the East.
→ China largest economy by 2020, with over 20% of the world's GDP⁴⁶.
- 2) Increasing concerns: social and environmental issues.
- 3) Rising welfare and growth of global middle class.
→ Expected growth consumer spending: 32% emerging vs. 15 advanced economies (2010-2020).
- 4) Increased urbanization (70%) and aging (10% > 65 by 2050)?
- 5) Increasingly instant communication via mobile phone and the Internet
→ 3.8 billion Internet users expected by 2020. ± 50% of the global population will have access to the Internet.

On a global scale, we see that most people want to live in big cities. Cities with more than 1 billion people.

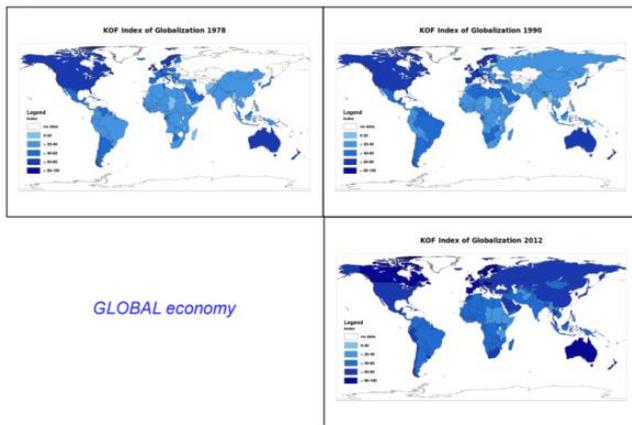
Global marketing 21st century

- ❖ The world is shrinking rapidly with faster communication, transportation and financial flows.
- ❖ International trade is booming.
- ❖ Companies cannot stay domestic and expect to maintain their markets.
- ❖ Global competition is intensifying.

CCL: GLOBAL economy, but global consumers?

⁴⁶ GDP = Purchasing Power Parity

Figure:



Explanation:

If we compare the situation in 1978 with the situation in 2012, then we see that there is more international trade (dark blue parts). Africa is also becoming more international. The economy is changing.

Global consumers?



Explanation:

- Speculoos is very popular in Belgium and upcoming in the US.
- Vegemite is very popular in Australia, but not in other countries.
- ...

- Supply & competition vs. Demand
- Cost reduction
- Demand = global at macro level
- = local at micro level

→ Organizations who only focus on cost reductions will not globalize.

6.1 Traditional models of international trade

Traditional international trade doctrine laid the foundations for the denial of culture in international marketing. Countries and traders may benefit from developing international trade.

- ❖ Internationalization is beneficial for all parties involved.
- ❖ International Free Trade Organizations.
→ NAFTA, EU, WTO, EFTA, AFTA...
- ❖ Lowering entry barriers
→ f.e. reducing customs duties, international standardization
- ❖ Focus on economic aspect, denial of self/cultural identity.

Trends:

- ❖ Outsourcing
- ❖ Ecology: 'Buy domestic'



6.2 Global convergence of consumption

1) Convergence of marketing environment

Some elements of our environment appear to be converging, at least at macro level.

a) Political environment

The political environment worldwide has clearly moved towards a democratic system, despite continued political instability in many parts of the world and important exceptions.

b) Communication access

It is more and more difficult, through satellite television and the Internet, to block the access of citizens to information on what is happening in their own country and in the world. Very few countries restrict⁴⁷ or attempt⁴⁸ to control the Internet.

c) Economic environment

The general economic environment is converging to a certain extent, but there are major limitations in a number of areas that are important for marketing. While economic systems are converging towards a market economy, the degree of poverty of a significant group of developing countries has been increasing over the years, whereas other emerging economies are experiencing rapid growth.

d) Marketing practices and standards

Marketing infrastructures are also converging, with standards of marketing profession growing worldwide.

⁴⁷ To restrict = Beperken

⁴⁸ To attempt = Proberen, trachten

e) Supply and competition

Supply and competition are now largely globalized, with the progressive shift from domestic industries, operating in protected national markets, to global industries.

f) Many differences, especially legal environment

2) Global convergence at macro level

There is also some evidence of macro-level convergence in consumption patterns. For example, there is significant demographic convergence in the European Union.

- The age distribution, the population is growing older.
- The size of households is decreasing
- The proportion of immigrants is increasing, with higher concentrations in large cities.

Convergence is also seen in **the socio-cultural environment** in terms of growing equality between men and women and increasing percentages of working women, while over the EU, health and mental concerns are on the rise. In Hofstede's terms, there is a trend towards more femininity.

Convergence in European consumer behavior can be observed at a broad level. Services account for a larger part of the household budget and are the fastest-growing area for international trade. Demand is growing for healthcare, environmentally friendly products and services and fun and convenience products.

Over the last century, the barriers to international trade are decreasing, and consumers in most of the countries have access to a large variety of goods. In this sense, globalization increases, rather than decreases, **diversity for consumers**. Thanks to the globalization, we have much more choice. There is an increase in variety.

3) Global convergence at micro level

At the micro-level, researchers find that cultural influences **consumption patterns**, but that this influences differs by the product type, product/service category, situational factors, and reasons for purchase.

- ❖ Durable household and functional products vary more by culture than non-durable sensory and personal products.
- ❖ Services, such as restaurants and air travel, are more influenced by culture than products, such as beer, jeans, soft drinks and stereos.
- ❖ Situational factors differ by product type. For instance, the frequency, the time of day, where consumers shop, the length of shopping time and the reason all vary by culture for food, but not for clothing.
- ❖ Reasons for purchases, such as maintenance, enjoyment and defence, differ by country.
- ❖ Functional needs (less) vs. Social needs (more)
→ f.e. clothes vs. Fashion; house vs. Home...

- ❖ Less cultural influence for
 - Non-durables
 - Private, non-visible goods
 - f.e. toothbrushes, detergents vs. watches, fashion...
 - Generic products
 - Some shopping habits

6.3 Emerge of a global consumer culture

There are at least 4 ways to interpret global consumer culture:

- 1) The proliferation⁴⁹ of transnational corporations.
- 2) The proliferation of global capitalism.
- 3) The proliferation of global consumerism.
 - Ger & Belk: 'Unquenchable⁵⁰ desire for material possessions.'
- 4) The proliferation of consumption harmonization.

→ This section will focus on global consumerism and consumption harmonization.

Ger & Belk define global consumerism as 'a widespread and unquenchable desire for material possessions'. It is a culture in which the majority of consumers desire, and therefore try to acquire and display goods and services that are valued for non-utilitarian reasons such as status and novelty seeking as well as envy provocation.

It seems in every culture there is a culturally appropriate way to justify consumption. Even in countries where purchasing power does not really allow for goods and services.

A consumer culture guides people in defining their aspirations towards a certain set of possessions. The standard US 'packages of goods' has developed into a world standard package that includes a car and a home with refrigerators, televisions, and computers. The same holds true for services, since the fast-food restaurants have become part of the world standard package, people identify with McDonald's around the world.

In the emergence⁵¹ of a global consumer culture, a process dubbed **the McDonaldization** of society, the word 'standard' is central. 'Standard' has 3 meanings:

- 1) The same for everybody.
- 2) The same everywhere in the world
- 3) The same for all-time.

⁴⁹ Proliferation = De uitbreiding

⁵⁰ Unquenchable = Onblusbaar

⁵¹ Emergence = Verschijning

There are 4 elements in the McDonaldization process:

1) Efficiency

The McDonaldized product of service offers **the optimum method** for getting from one point (being hungry) to another (being fed). There is no faster way to satisfy needs (hunger).
→ The design of the restaurant.

2) Systematic quantification and calculation

McDonalds offers '**best value for money**' and provides its customers with 'value' meals. In this model, quantity equals quality.

3) Predictability

Consumers find great comfort in the predictability which offers neither shocks or surprises, and **reduces perceived risks**. There is not much surprise in the limited range of products offered, but we know that it will be consistent over time and place.

4) Control through the substitution of non-human for human technology

The system is operated so that there is **limited human involvement** in the whole production process: rules are fairly strict and automated systems controls the exact quantity. This also facilitates predictability by reassuring customers about the services McDonald's delivers.



Explanation:

The system of McDonalds is useful and good, but it is limited. Marketers can not copy their own approach to the world. It is not sufficient. There is a need for adaptation.

The globalized consumption experience is only one part of the real world of consumption, but it plays a dominant role, because it has been consistently and heavily portrayed as useful and good for people. It is also publicized somewhat inaccurately, since there is much more local adaption. For instance, McDonalds has adapted elements of its menu to local tastes. In Japan, there are Teriyaki burgers, as well as a 'Big America' menu which includes 'Broadway Burger'. So, the same concept can mean **something quite different** when borrowed from another culture.

Globalization and 'modern' culture

The most debatable aspect of globalization is the belief that we are all converging towards **a modern lifestyle**. This view of cross-cultural behaviour involves 3 main assumptions:

- 1) Modernity is a given, and technology is our path to a bigger and better future for all.
- 2) Even if they differ externally, all societies, from traditional to developed, can be placed on a continuum of social change.
- 3) The criterion for placing a society on the continuum is its degree of resistance to modern changes.

Modern culture believes that scientific knowledge and technology are able to control nature and improve human existence. Most people still live in a modern era, with a strong belief in the achievements of science, its unlimited problem-solving capacity through technology and its exclusive contribution to global welfare.

Global values in a modern culture emerge, because consumers throughout the world inevitably have fairly similar responses to new technologies and product innovations. Modern cultures is characterized by:

- a) An individualist orientation, supported by the exercise of purchasing power as a demonstration of individual freedom.
- b) A strong emphasis on material achievements and materialistic values, that is, doing/having rather than a being orientation.
- c) A strongly economic, 'commoditized' time.
- d) A tendency to discard the past in favour of a future orientation, while expressing some frustration at not living in the present as much as one would like.
- e) A fairly high degree of utilitarianism.

→ Levitt: 'All societies are modernizing (continuum).'

Modern culture posits a strong future orientation: consumers quickly dispose of perfectly functional goods that are quickly to obsolete. Various environmental concerns typify modern cultures, as countries become more polluted, the ozone layer is depleted, and global warming is an increasing cause for anxiety.

The emergence of a global modern culture is often **confused with the convergence of local** cultures, leading to an incorrect description of globalization. A frequent mistake is to equate 'modern' with 'American'. While it is true that the US and US multinational companies have been the champions of modern consumer goods and services, globalization is not simply the worldwide extension of the 'American way of life'. A culture is multilayered. Independent on the culture, people behave differently.

Modern ≠ American ⇒ bidirectional
Multilayered, not replacement of local tradition
Modern & Traditional are not opposite (⇔ Western)

Cf. Dialectic thinking in East

<http://www.divinecaroline.com/fashion/style-guides/how-tie-headscarf-10-brilliant-ideas-pinterest>



6.4 Local products and consumption

A different perspective on consumer behaviour centered on **cultural meanings** ascribed to things that may be useful, despite its limited use in international marketing texts. Many more insights can be gained by actually centering on a service, product or possession and how it is used in context than through the national character approach, based on limited universal variables and the design of cultural ideas (high vs. Low scores on common dimensions).

If consumer culture matters, then it is likely that consumers will invest more meaning in products and services that are more bound to cultural interpretation. The question is therefore: What is more culture-free and what is more culture-bound, in terms of product and service categories on the one hand, and consumer behaviour on the other?

Products that tend to be more **culture-bound** will be richly connected to the local cultural context in multiple ways, including the actual product and its production, as well as the shopping, purchasing, consumption and disposal environment. Furniture, for instance, will be more culture-bound than consumer electronics, because furniture often has a local style and a local manufacturing tradition, based on the availability of local materials. It is not only bought in shops and markets, but can be inherited or restored.

In contrast, consumer electronics are typically **culture-free**, because they are based on rapidly changing technology, where mass production can lead to dramatically low prices. However, there may still be local preferences in these relatively culture-free products, especially in terms of the price/feature trade-off.

The local physical environment shapes the type, use and usefulness of many products. Products that are closely related to the local physical environment will be more culture-bound, because the physical environment influences the local material culture, which in turn is linked to climate, density of population, housing, flora and fauna...

Language content is also **a major part of the cultural content of a product**, especially for genuinely cultural products (f.e. songs, soap operas, films and novels), because the written language used on or around a product, such as the packaging or brand name. For instance, the instructions for assembling IKEA furniture and Lego toys attempt to avoid complex multi-language explanations by using a series of basic pictures, which are relatively more culture-free than written materials.

Culture bonds are strong for products or services that are consumed in a cultural and national context. The product or service, is more than a simple utilitarian purchase, resulting in a preference for products made in one's own country.

Products that involve a relationship to others, in terms of displaying/showing or giving/sharing are likely to be culture-bound, because this relationship is culturally coded. The same consumer may choose different brands depending on who is involved in the decision.

Conspicuous-consumption items, are more generally goods having a high signal value, are culture-bound. Whereas many luxury products are globally branded, the nature of their consumption is largely local, depending at least on concept of the self and others.

Complex products, such as films, are logically culture-bound, because they require a high level of interpretation and knowledge of the local context in order for the film to be fully understood and enjoyed. One of the reasons for limited global success of most countries' films is that they rely on local cues which are not easily understood by different local audiences. However, the success of American movies is based on their low contextuality, simplified characters, reliance on the universal appeal of violence, love and wealth...

The **very nature of the product** has some influence on the level of universality of needs. Non-durables seem to appeal more to tastes, habits and customs, therefore, they are more culture-bound. Clothing, confectionery, food and household cleaners are all culture-bound. While one could easily believe that industrial products are typically culture-free, this view is largely mistaken, because the context in which they are used depends on culture. The construction industry, for instance, is highly influenced by local cultural traditions, as well as the attitude towards time (short-time vs. long-time orientation) and the perceived trade-off between the price and durability of equipment. In Europe, the difference between national markets is considerable.

Culture-bound products:

- ❖ Rich cultural context (shopping, consuming, disposing)
- ❖ Relationship to the physical environment (climate, population density, housing, flora and fauna)
- ❖ Cultural or national identity
- ❖ Language
- ❖ Relationship to others (display, show and share)
- ❖ Relation to childhood
- ❖ Complex (high level of interpretation and local knowledge)
- ❖ Nature of the product (non-durables, clothing, food and cleaners)

Examples – Rich cultural context?



→ Yes, restored, inherited, tradition. → No, economies of scale, but features!

Example - Physical environment?

- Cattle in environment?



- Surrounded by sea?



Example: Product/Country – Rice in Malaysia vs. The United States

Malaysia	US
❖ Mainly local, Thai rice manufacturers.	❖ Minute Rice, Rice-a-Roni, Uncle Ben's.
❖ Differentiated by grade.	❖ Differentiated by brand, flavour and convenience.
❖ Frequent main dish, crosses social strata.	❖ Infrequent side dish, ethnic consumption.
❖ Mainly plain white rice.	❖ A lot of flavored rice.
❖ 10 kg bags of rice.	❖ Small, quick cooking portions.
❖ Hands also used for serving.	❖ Silverware used for rice eating.

Example: Consumer behavior for milk-based products in France and China

France	China
❖ Consumption/cap. 92.2 liters/year.	❖ Consumption/cap. 8.8 liters/year.
❖ Consumption of diversified milk-based products like milk, cheese, butter, yoghurt...	❖ Consumption focused on yoghurt (80%).
❖ Daily consumption	❖ Product perceived as exotic.
❖ Purchasing decisions: basic quality being well controlled, price is a key factor.	❖ Purchasing decision: choice of high quality imported products perceived as having superior quality when compared with domestic products.
❖ Consumers are used to milk-based products and receptive to symbols which emphasize genuineness, origin, organic manufacturing (labels, bio...)	❖ Consumers are uneducated for using this kind of product properly (especially as concerns conservation...)

Example – National identity



→ Zie ook links op slide 71 + 72.

Unique consumption experience

Consumption is still largely a local reality. Far from being uniquely culture related, local reality also reflects the economy, climate and customs, and the mere fact that much of our life is still shared with others who have the same kind of 'local knowledge'.

There are still **huge differences in the pattern of household** expenditures across developed and developing countries. Even in the EU, the percentages spent by households in various countries on food in general, and specifically vegetables, chocolate and cheese, still differ widely. Consumers attribute meaning to specific products and services in context, especially what it means to desire, to search, to evaluate, to purchase, to consume, to share, to spend and to dispose.

Consumption experiences are full of social facts in interaction with other players in the market game: manufacturers, distributors, salespeople and also other consumers.

Consumption and the environment

Cultural environment involves how we see our environment, how nature and culture affect our perceptions and preferences. This is reflected in political regulation and standards, financial support to specific industries, as well as the local culture and level of environmental concern. A simple comparison of usage shows that on average Germans are more likely **to express their connection to the environment** than the French. For instance, filters for coffee machines are white in France and yellow-brown in Germany. The Germans express their willingness to be environmentally friendly by purchasing paper-based products whose colour exhibits their recycled nature.

The difference in consumer experience lies in the difference of continuity in the ecological concern. Germans feel the necessity to be nearer to nature, because they live in a country about 3 times more densely populated than France and they insist on strong coherence between their words and their needs.

German culture finds its expression in love for nature and a preference for isolation, whereas French culture advocates social life and shows disdain for everything that is too nature oriented. Further, the French have strong preferences for the preservation of their cultural productions, which is seen in the number of geographically protected products.

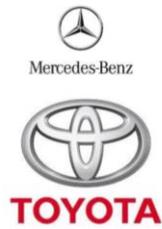
Offering wine is a different experience in southern Europe from what it is in the United States, Japan or northern Europe. Hosts who receive wine for their guests have to decide whether to keep it for later, or to open it directly to share it with the guests. In France, unless the host states that the wine is not suitable to accompany the meal, the received wine will be drunk with the guests, sharing is a must, and keeping the wine for oneself would imply that it may not be good enough to drink now. In many other countries it would be impolite to drink a gift with the giver. The emphasis in each case is on different values: the sense of sharing on the one hand, and the sense of keeping a present in memory on the other.

Example:

■ Gift giving



■ Identity signal



Habits, habitus and shared meaning

Culture may be viewed simply as shared habits and customs, and as shared meaning about how particular experiences are to be interpreted in context, rather than as a value system. This system of shared habits and interpretation is often incorporated into common sense (shared meaning).

Habits are central in local consumer behaviour, because they limit options, simplify interpretation and assist in attitude formation at an almost automatic level. Habits mean we do not have to scan all the possibilities all the time and they give us confidence in our decisions. But they are a largely overlooked element of consumer behaviour, probably because they are seen as passive decision making. However, many of our habits are grounded in our local culture, especially those we acquired by our parents and their parents before.

→ Zie ook 'Kaffetrinken', 'British fire safety systems' and 'drinking a beer' HB p. 144.

6.5 Local consumer cultures and resistance to change

Consumers have much **autonomy** in encouraging or limiting the movement towards globalization. Consumers always construct the identity of brands, even for global products and they do so on the basis of their local culture and identity. One way of examining the symbolic meaning of brands is to identify the human characteristics that consumers associate with a brand. While brand personalities include some universal elements, such as competence, trendiness, excitement, sincerity...

Global brands are **portfolios of local marketing assets**, federated under a common, identical name. Although Blue Castello builds an American and Italian image, it is doubtful whether people in all countries have the same kind of buying motives, product use and product image. False 'global' consumers buy false 'global' products, which they re-invest with their own culture-bound motivations and purposes. This suggests that most of the resistance will be hidden from global marketers.

Will consumers resist the globalization process?

Globalized consumption assumes that consumers are pleased with it because it means cheap, good-quality products. The globalness of a product is a cue for quality across cultures. Perceptions of globalness is positively related to perception of quality and prestige. People with a high ethnocentrism resist globalization by paying a premium for locally made goods, voting for protectionist governments, or acting as consumer lobbyists to support public action (f.e. against fast-food) in order to maintain or re-create entry barriers that protect local consumption. The reverse for low ethnocentrism.

Global marketing is often presented as a powerful tool for promoting economic development. For instance, those countries higher on the Index of Globalization tend to have greater income equality, even when we contrast emerging economies. This illustrates one of the benefits of globalization.

It is important to emphasize a marketing system that designs, produces and delivers products and services that increase the population's material welfare without damaging tradition.

Preference for national products

In most developed countries, **domestic products are more popular** than foreign-made products. In contrast, many developing countries preferred products from well-known developed nations, especially when local companies are limited in skills.

Many consumers throughout the world have deep-rooted nationalistic feelings that extend to purchasing situations. There are different explanations for this preference for national products, especially in developed countries. For instance, ethnocentrism, patriotism, collectivism, and a lack of openness to foreign cultures are all significantly related to a preference for national products.

Ethnocentric consumers are more likely to buy domestic than foreign products, and have negative attitudes toward global brands. In addition, some consumers have deep-rooted feelings toward specific countries, because of past events, such as wars or economic histories between countries. Whereas **ethnocentrism** is related to a tendency not to purchase any foreign products, **animosity** is related to the tendency not to purchase products from specific countries.

McDo under attack:

- ❖ Anti-fast-food associations
- ❖ Anti-globalization
- ❖ Nutrition specialists
- ❖ ...

Local responsiveness and adaptation

→ Reduced fat burger, alternative wrapping, recycling, guidelines for producers (animal rights)

Resisting global and preference for local:

- ❖ More emphasize on worker-conditions.
- ❖ Crisis/protectionism
- ❖ National pride
- ❖ Positive effects on entrance of global players on local companies.
- ❖ Buy national campaigns.

Preference global/local

Global	National
<ul style="list-style-type: none">❖ Developing countries❖ Adoration	<ul style="list-style-type: none">❖ Developed countries❖ Nationalistic tendencies❖ Animosity → f.e. Russian fruit embargo

6.6 Mixing global - local

- ❖ Complex reality
→ f.e. Description of global brand personalities reflect local values.
 - Japan & Spain (collectivist): Peacefulness
 - US (individualist): Ruggedness & masculine
 - Spain: Passion and spirituality.
- ❖ Pragmatism: Global brands might outperform locals.
- ❖ Central vs. Peripheral consumption context.

Chapter 7: Cross-cultural market research

Understanding marketing research is **extremely important** for marketers, especially for global marketers.

→ It reduces uncertainties and increases knowledge.

Cross-cultural research is a **complex and time-consuming** undertaking, but extremely important to the knowledge about consumption behaviour and understanding of the limits and range of consumer behaviour theories.

Well-planned cross-cultural market research can be extremely insightful. Poorly planned research is a waste of time and detrimental to the company it acts on.

Researchers always have their own culture. Their own reality is the default.

→ = Reason why cross-cultural marketing is difficult.

Why is cross-cultural research necessary?

- ❖ There is a lack of familiarity with customers, competitors and the market environment in other countries.
- ❖ There is a growing complexity and diversity of international markets.
- ❖ Information is critical!

Researchers are increasingly involved in decision-making (sense and respond).

Timely relevant information, where...

- ❖ Basic concepts may differ, even seemingly similar.
→ Concrete concepts such as sweetener and coffee. What a good coffee is differs from culture to culture.
- ❖ The function(s) of similar products may vary across markets (f.e. beer, bicycle, TV...).
- ❖ Local market research infrastructures and local response styles may differ.

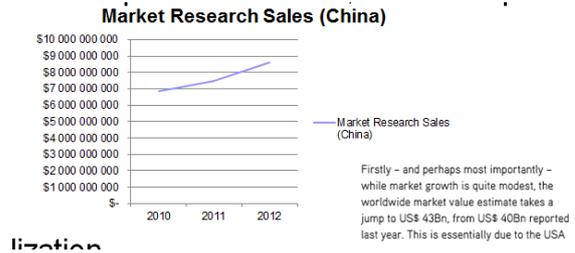
How then to compare across national markets?

- ❖ Similarities and differences are in the eye of the observer.
- ❖ We always start comparing from a reference point (issue of ethnocentrism)

7.1 Local marketing institutions and infrastructure

International marketing research is growing. There are 6000 marketing companies in the US, 2800 in Japan.

- But there are a lot of **differences** between well-developed countries.
- Research is growing. It's a growing market.
- Digitalization is also growing fast.



Marketers need to consider the whole marketing process, using a series of steps or processes that need to be applied locally, in preparing for decisions, developing strategy and implementing it. Market surveys are in fact 'photographs' of the market. They are not the market itself.

Across countries, marketing decision makers do not use exactly the same information for a similar decision process. Cultural influences the scope and nature of researched information, and the use of the results in the process of marketing decision making. There are 2 approaches, namely the organic and atomistic approach.

Local MR styles

→ Japan vs. US (collectivist vs. individualist)

Japan	US
<ul style="list-style-type: none"> ❖ Japan uses <i>soft data</i> <ul style="list-style-type: none"> → Interviews with clients, sales reps, focus on groups, intuition... (chatting and talking with the clients) → More qualitative research ❖ Preference for context-specific data. Collectivist countries like to link the product to the countries where it is used. The context is important (↔ Collectivist countries). ❖ Subjective data = Own interpretation ❖ Collectivist countries focus more on the present (here and now). Thus, they focus on the actual market. <p>→ Organic: Collectivist (f.e. Asian)</p> <ul style="list-style-type: none"> ❖ Researchers do not consider themselves as being separate from the group to which they belong. 	<ul style="list-style-type: none"> ❖ US uses representative samples <ul style="list-style-type: none"> → More quantitative research ❖ US has a preference for context-free data. ❖ Objective data (context-free data) ❖ Individualist countries focus on the potential market. <p>→ Atomistic: Individualistic (f.e. US)</p> <ul style="list-style-type: none"> ❖ Observation and measurement ❖ Devisable: $Y = a + b_1X + b_2X + \dots$ ❖ Context-free. The context is not taken into account. ❖ Universal solutions ❖ Researchers see themselves as being outside the real world, able to make workable images of the real world (atomistic). They use these images to interact with the external world.
<p>Researchers is not the same as decision takers.</p>	

Equivalence in CC research – How to compare CC data?

A. Conceptual Equivalence	B. Functional Equivalence
C. Translation Equivalence Lexical Equivalence Idiomatic Equivalence Grammatical Equivalence Experiential Equivalence	D. Measurement Equivalence Perceptual Equivalence Metric Equivalence Calibration Equivalence Temporal Equivalence
E. Sampling Equivalence Sampling unit equivalence Sample frame equivalence Comparability of samples across countries	F. Equivalence in data collection Cooperation equivalence Eq. in data collection context Eq. of response styles

7.2 Conceptual and functional equivalence

The classic distinction in cross-cultural research approaches is between emic and etic.

- ❖ **Emic** → Phonetic is universal and depicts universal sounds that are common to several languages.
It's everything that is shared by cultures.
F.e. Drinking beer to less thirst.
- ❖ **Etic** → Phonemic stresses the unique sound patterns in languages. It are differences in culture.
F.e. Where and with who people drink beer differs from culture to culture.

The emic approach in market research means that attitudinal or behavioural phenomena are expressed in **a way unique** in each culture. Taken this in extreme, it states that comparisons aren't possible. This approach requires researchers to become very familiar with the target culture through the use of observation, participation and other ethnographic methodologies.

The etic approach is concerned with **identifying universals**. Local adaptation is possible and common models can be found through the use of multiple emic studies.

Market research measurement instruments adapted to each national culture (= the emic approach) may offer more reliability and provide data with greater internal validity than tests applicable to several cultures (= etic approach or culture-free tests). These instruments aren't generalizable to other cultural contexts. When researchers want to compare across cultural contexts using an emic approach, they first need to examine cross-cultural equivalence at several stages in the process.

A basic issue in cross-cultural research is the determination of whether the concepts have **a similar meaning** across the social units studied. The same construct (f.e. innovation) may be relevant across cultures, but interpreted or expressed in different ways. There can be problems of translation. 'Faire le ménage' can mean 'cleaning' or 'household'.

The concept 'time' may be different for cultures that see time as economic (US) and those who see time as plentiful (Singapore). This can be a reason why Americans are willing to pay more for items that are available for immediate consumption than Singaporeans. This insight would be lost if we simply compared willingness to pay.

Also the construct 'risk' may differ across cultures. For instances, people in some cultures will give more value to the social risk of buying a car, because their purchase and use of the car is mostly status oriented, whereas in other cultures people may be more concerned with physical safety because death in accidents is greatly feared.

The Islamic world is less focused on future than Christians societies. This can have an influence on life insurances, risk...

But cross-cultural market research is ***much more than only translating***. Researchers also have to take in account other equivalences. ***Functional equivalence*** focuses on whether the concepts have the same role of function across groups. If similar activities perform different functions in different societies, their measures should not be used for the purpose of comparison. Concepts such as preparing a meal are not necessary equivalent across countries.

Functional equivalence problems can be illustrated with the example of hot chocolate drinks. While in Australia, the US and the UK, hot chocolate is considered as an evening drink, best before going to sleep, in much of Latin America hot chocolate is a morning drink. This is due to differences in the consumption time period and in the purpose for use: waking/energizer vs. sleep/relaxing.



When drinking hot chocolate?

→ Spain: In the evening (South)

→ Belgium: In the morning (North)

An other example is the bicycle. In China it is mainly used for transportation, while in other countries it is more used for leisure. Or a watch can be used as jewellery, a status symbol or as an instrument for handling time and daily schedules.

→ See book p. 192 for more examples.

One of the best ways to investigate functional equivalence is to examine ***the social settings*** in which the product is consumed. Local observational methods and focus groups are commonly employed for this purpose.

Conceptual equivalence	Functional equivalence
❖ Ménage = Cleaning OR household	❖ Function of a product
❖ Problems of conceptual equivalence appear when translating	❖ Particular function uses (benefits) make sense only when the product is used in its final consumption context.
❖ Part is universal (etic), part is contextual (emic)	→ f.e. Wine, beer, bike, yoghurt...
❖ Decentering may be necessary, modify the source instrument.	

7.3 Translation equivalence

Translation equivalence focuses on whether the language is understood by respondents as having the same meaning in different cultures.

Translation equivalence may be divided into subcategories:

1. Lexical equivalence

= What **dictionaries** can provide us with. For instance, a dictionary can translate the English adjective 'warm' into the French 'chaud'.

2. Idiomatic equivalence

The problem of idiomatic equivalence comes when you try **to translate a sentence** such as 'It's warm'. The French have 2 expressions for it:

- Il fait chaud. → The weather, It's hot outside.
- C'est chaud → An object has warm, it's about materials.

Marketers have to know how to translate things!

3. Grammatical – Syntactical equivalence

the grammatical – syntactical equivalence refers to **the way words are ordered**, sentences are constructed and meaning it is expressed in language. English generally proceeds in an active way, starting with the subject, followed by the verb and then the complement. They avoid abstractions. Many languages, such as French and German, start by explaining the circumstances in relative clause, before they proceed into the action. This makes for complex sentences, starting with relative clause based on when, where, even though...

4. Experiential equivalence

This is about what words and sentences mean for people in their **everyday experience**. Coming back to the word 'chaud'. English people use 2 words: 'hot' and 'warm'. The French do not experience 'warmth' with 2 concepts as the English, Dutch and many others do.

→ Familiarity

Experiential equivalence is important. It is linked to everyday situations depicted in survey questionnaires, advertisements, packagings...

Translation procedures:

There are some translation procedures. The **back-translation technique** is the most widely employed method for reaching translation equivalence (mainly lexical and idiomatic) in cross-cultural research. This procedure helps to identify probable translation errors. One translator translates from the source language (S) into a target language (T). Then another translator, ignorant of the source-language text, translates the first translator's target language text (T) back into the source language (S'). Then the 2 source-language versions (S and S') are compared to prepare final target-language questionnaire (T_f).

→ Example see book p. 194

This method can give the researchers **a false sense of security**. Simply knowing that words are equivalent is not enough. It is necessary to know to what extent those literally equivalent words and phrases convey⁵² equivalent meanings in the 2 languages or cultures.

Another technique is blind parallel translation. It consists of having several translators simultaneously and independently translate from the source language. The different versions are then compared and a final version is written.

Parallel and back-translation can be merged (=combined translation technique). When 2 languages and cultures present wide variations, such as Koreans and Germans, combining parallel and back-translation may provide a higher level of equivalence.

A more sophisticated solution to the problem of translation is to develop research instruments in the 2 cultures, and generate items, questions or other survey materials jointly in the 2 cultures. After the selected translation process is completed (f.e. back-translation), changes are made to both the source and target language wording. This technique is called **decentering**.

An overview:

Technique	Direct translation	Back-translation	Parallel translation	Combined techniques
Process	S ⇒ T	S ⇒ T; T ⇒ S' comparison S to S' ⇒ final version T _i	S ⇒ T; S ⇒ T' Comparison T to T' ⇒ final version T _i	S ⇒ T; S ⇒ T'T ⇒ S'; T' ⇒ S'' comparison S'/S'', decentering of S ⇒ final version T _i
Advantages	Easy to implement	Ensures the discovery of most inadequacies	Easier to implement in S country with T translators	Ensures the best fit between source and target versions
Drawbacks/constraints	Leads to translation errors and discrepancies between S and T	Requires the availability of two translators, one native in S and one native in T languages	Leads to good wording in T, but does not ensure that specific meaning in S is fully rendered	Costly to implement Difficult to find the translators Implies readiness to change source-language version

Key: S = source language, T = target language (translators or versions).

Before using the questionnaires, it is important to pretest the translated questionnaires. Researchers have to ask 5 – 10 people to read the questionnaire before sending the samples.

7.4 Measure equivalence

After the reliability of existing instruments has been assessed, the next step is to assess the measurement reliability across cultures. Measurement equivalence includes perceptual, metric, calibration and temporal equivalence.

- Perceptual – Colors, smells, interpretation, familiarity
→ Sensory research
- Metric – Scale, meaning, decentering
- Calibration – Inflation, weight, distance
- Temporal – Development, technological

⁵² To convey = Overbrengen

In countries numbers and their meaning can differ. For example, which one is the best: 1 or 5?

→ Belgium: 5 is the best

→ German: 1 is the best

Some types of questions are less likely to be plagued by measurement equivalence than others. It should be easier to obtain measurement equivalence for demographic variables than for psychographic variables such as lifestyle.

Question type:

- ❖ Demographic variables → Structured questions
- ❖ Psychographic variables → Semi-structured questions

For psychographic variables, it may be necessary to use a more in-depth assessment method to obtain a better understanding of the variable, as well as the potential linkages to products. Semi-structured questions such as the means-end approach has been suggested as an alternative to more structured approaches. The objective of means-ends is to link concrete product or service attributes to the positive or negative consequences of using the product or service, to personal values or goals.

This technique often uses laddering. It guides the respondent up or down the ladder of abstract meanings to more concrete meanings. It helps to discover values. This technique often begins with the core values, where respondents are asked which values are important in their life. Then, they indicate which of a list of products make the value or feeling possible. Finally, they say how each product facilitates the value or feeling.

Using this technique, the broader value 'family security' was associated with physical and financial safety. Both were associated with very different products.

- Alarm system → Physical safety → Family security
- Mutual funds → Financial safety → Family security

Variations in knowledge and familiarity with products, concepts or attitudes also impact on the equivalence of measures

Perceptual equivalence

Perceptions vary across cultures. Colours are **perceived differently** according to culture. Not all cultures have equivalent sensitivity to the various parts of the colour spectrum. All languages do not qualify colours in exactly the same way. In addition the symbolic interpretation of colour varies widely. The same is true for smells. The first issue in equivalence is whether people perceive them physically and mentally in the same manner. The second issue deals with the kind of interpretation.

Metric equivalence

If the same scores given by respondents do not have the same meaning, then metric equivalence is a problem. Scores may differ across cultures for a variety of reasons including differences in the interpretation of numerical or verbal anchors, the avoidance of extreme responses, humility or social desirability.

These differences can only be checked after the data are collected, limiting the validity of cross-cultural comparisons. There are several techniques available to researchers to assess metric equivalence.

The validity of a rating scale in a cross-cultural context is affected by the equivalence of the scales and by the homogeneity of meanings. For instance, the Chinese language does not readily provide good antonyms, which will cause problems with equivalence. It is also difficult to ensure that the distances between scale points, especially verbal scales, are equivalent across languages. While scale anchors, such as 'degree/disagree' and asking about various degrees of importance, might work well for English-speaking managers, they might not work in other languages, such as Japanese.

Example:

The metric equivalence of 9 scale terms (from 'excellent' to 'very bad') across 8 languages (English, Arabic, Chinese, Farsi, French, German, Korean and Spanish), reveals that some languages have fewer terms to express graduation in evaluation (f.e. Korean), whereas others have a multitude (French). There are also large discrepancies in the value of these adjectives, measured on a scale from 0 to 100. For instance the Spanish 'muy malo' rates 58% higher than the English equivalent 'very bad'. Therefore, the best solution is not to simply translate scale terms, but rather to start from local wordings based on scales used by local researchers.

Further, researchers have to take into account the meaning of numbers across cultures. For instance, the numbers 2, 8 and 9 are considered lucky in China and because of that these numbers will be chosen more frequently. In the US the lucky number is 7.

Colloquial rating scale				Formal rating scale			
US adjectives		French adjectives		US adjectives		French adjectives	
Fantastic	20	20	<i>Extraordinaire</i>	Remarkably good	17	17	<i>Très bon</i>
Delightful	17	17	<i>Superbe</i>	Good	14	14	<i>Bon</i>
Pleasant	14	14	<i>Très correct</i>	Neutral	10	10	<i>Moyen</i>
Neutral	10	10	<i>Moyen</i>	Reasonably poor	6	6	<i>Faible</i>
Moderately poor	7	7	<i>Assez faible</i>	Extremely poor			<i>Très mauvais</i>
Bad	4	4	<i>Remarquablement faible</i>				
Horrible	2	2	<i>Terriblement mauvais</i>				

Table 7.4 Adjectives which have the same level of meaning in two languages should provide similar distances between the points of the scale

Source: Pitts and Anagnostou, p. 76. © March 1978 by ESOMAR – The World Association of Research Professionals; this article first appeared in *European Research*, published by ESOMAR.

Box 7.3

Correspondence analysis

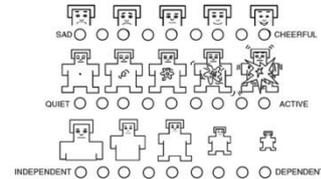
Correspondence analysis can be used to examine the way respondents used the scale points in a survey. In this case, respondents answered 57 (58 for China) items from the Schwartz Values Survey. In the following table, the differences between each row, or scale point, should be equal to 1, if the scores were on an equivalent interval scale. However, this was clearly not the case, with the largest distances appearing at the bottom end of the scale (-1 to 1), and the smallest distances between important (3) and very important (6).

	Notional	New Zealand	United Kingdom	United States	South Korea	China
Opposed to my values	-1	-1	-1	-1	-1	-1
	0	1.71	1.98	0.34	1.94	-0.21
	1	3.29	2.90	1.93	3.21	2.77
Important	2	4.04	3.57	3.38	4.03	4.48
	3	4.83	4.53	4.13	4.64	3.99
	4	5.08	4.81	4.57	4.80	4.35
Very important	5	5.6	5.5	5.32	5.22	5.01
	6	6.42	6.18	6.26	6.77	5.56
Of supreme importance	7	7	7	7	7	7

Visual scales such as smileys can be successful in a cross-cultural context. It is not only limited to children. Instruments that allow respondents to express the mix between emotions and reasons may be useful. The use of smiling faces as scales would not be limited to children.

More sophisticated visually oriented scales, such as **the self-assessment manikin (SAM)**, allow cross-cultural measurement with less bias than verbal scales. They further enable a better apprehension of the respondents emotions.

Emotions: Self-assessment Manikin (Bradley & Lang, 1994)



Another promising research method is **the best-worst scaling (BWS)**. This method requires a respondent to choose one item that is the best/largest/least from a series of set that contain different combinations of a larger master set of items. The particular combinations that appear in each set are determined by an experimental design to ensure balanced appearance and co-appearance across the sets. Respondents find it relatively easy to choose the most and least within a set. However, the repetition for large numbers of items can be problematic.

Best-worst scaling (see Marley & Louviere, 2005).

Best thing	The appointment with the specialist	Worst thing
✓	You will have to wait <u>one month</u> for your appointment	
	Getting to your appointment will be quick and easy	
	The consultation will <u>not</u> be as thorough as you would like	✓
	The specialist has been treating skin complaints part-time for 1-2 years	

Further, this method has the potential to reduce response-style effects, because respondents cannot use the middle points or end points. It also has the potential to reduce problems with equivalence, due to the difficulty finding lexically equivalent distances between numbers, and separating numbers from their meanings. The BWS method only has 2 verbal scale terms (f.e. most important and least important). It is relatively easy to find equivalent terms for 'most' and 'least' in most languages.

The BWS method also has no numbers, which eliminates problems found when numbers have meanings in certain cultures, such as 2, 8 and 9 being lucky in lucky and 4 unlucky in China. Finally, the BWS method results in a relative score based on multiple measurement within different item contexts.

'Games': many examples on <https://www.millisecond.com/download/library/>

- E.g. risk: Balloon Analogue Risk Task (BART: Lejuez, 2002)



Calibration equivalence

A typical calibration equivalence problem is related to differences in monetary units. This is especially true in high-inflation contexts where daily prices over a year cannot be directly compared with those of a low-inflation country. Naturally, exchange rates and units of weight, distance and volume cause calibration equivalence.

Calibration equivalence mixes with perceptual equivalence. For instance, how many colour classes are recognized by people from a particular country? This is useful for a packaging test or a product test. Western subjects, for example, have more colour classes than African subjects.

Temporal equivalence

Temporal equivalence is similar to calibration equivalence, in terms of calibration dates and time periods. Information, for example, ages at different speeds across countries. In a country where the annual inflation rate is minimal, income and price data are comparable across years, whereas in Latin American countries, the inflation is high. It is necessary to indicate on which day the data were collected and what the price indexed and exchange rates were at that time.

Temporal equivalence also deals with differences in development levels and technological advancement. Certain countries are equivalent to what others were 20 years ago. Assessing time lags may be useful for making analogies.

7.5 Comparability of samples

There might be problems in comparing data across countries:

- 1) Differences in category
- 2) Differences in base years, when some countries have no recent data.
- 3) Unavailable or unreliable data
- 4) Sampling unit – Who should the respondent be?

An important criterion for sampling is **the choice of respondents**. Selecting a unit of analysis is a key issue in the conceptualization of comparative research designs. The role of respondents in the buying decision process may vary across countries. Several studies have found deferring parental influence over children's purchases across countries.

The main problem in the cross-cultural sampling process is **the selection of comparable samples** across countries. Sampling is a basic step in most market surveys.

In cross-cultural research, there are often 2 levels of sampling to consider.

- 1) Which countries or cultures?
- 2) Which individuals within each country/culture?

Reaching perfect comparability at either level is difficult, if not impossible, which means that results must be considered with this limitation in mind.

At the first level, the research question is usually focused on directly comparing across countries or cultures. While a list of countries exists, it is rare for companies to draw a random sample from this list. More often, the samples are purposefully chosen to represent the markets of interest, or a selection of maximally different countries.

At this level country characteristics, such as socio-demographic, economic and cultural variables, may be related to the per capita consumption of a particular good or service.

To compare at individual level across cultures researchers must also carefully design the country or culture sample. Often representative samples are chosen to reflect some characteristics of the population of interest. Holding these characteristics equal across countries, can lead to inequivalence. For instance, proportions may convey a different meaning in a country where gender rights are fairly equal in comparison to countries where women are restricted from leaving the home.

A sample of actual shoppers may have very different characteristics across cultures. In some places, men tend to do most of the shopping. In other countries it is mostly women. This also depends on various other factors such as income level, type of product... In this case, the gender proportions might be very different across cultures. The sampling method must be selected so that each national sample is fully representative of the population of interest.

→ **Populations of interest may differ across countries!**

Sampling frames or lists are usually unavailable at the individual consumer level across cultures. Screening criteria may also be necessary to ensure that the sample fits the characteristics of the population of interest.

The sample size per country can differ due to variance estimates.

Census data

People are missed

- they were travelling
- thought they were counted elsewhere
- insufficient space on the census form
- thought young babies, the elderly or visitors should not be included
- did not wish to be included
- the dwelling was missed
 - remote/non-residential thought unoccupied

Counted multiple times

- Counted where they live and visited
- Overseas, so should not have been counted

*US Census in 2000 was estimated to have:
30–34 million under-counts
5–10 million over-counts!*

7.6 Data-collection equivalence

Data-collection equivalence:

- 1) Unwillingness to co-operate
- 2) Response bias-contextual
- 3) Differences in response style

These sources of error can create discrepancies between observed measurement and true measurement.

... apart

1) *Unwillingness to co-operate*

Respondents sometimes feel that the interviewer is **intruding into their privacy**. They prefer not to answer or they bias their answers, fearing that their opinion could later be used against them. Many countries have strong privacy patterns, where the family group is protected from external, impersonal interference.

Different survey methods may need to be employed in different cultures. Global opinion polls and international survey firms often use different methods, depending on the acceptability to respondents and businesses. Quota sampling is often used in most of Europe, but considered less acceptable in the US.

2) *Response bias-contextual*

Questions are never culture-free. There is inevitably a social and cultural context built into them. Contextual equivalence relates to elements in the context of the data-collection process that have an influence on responses.

Every question that deals, directly or indirectly, with social prescription needs to be worded so that people can elaborate a response without feeling too embarrassed, and responses have to be screened in order to know if the responses reflect actual reality or a view that is socially desirable.

Social desirability may also be a factor, where individuals answer questions in a way that presents themselves or their country in a more positive light. If interviewers ask persons a personal question, they are more willing to give them an answer that is accepted in the society. People from collectivist cultures attend to social expectations more than those from individualist cultures. They tend to express culturally appropriate or normative responses to promote a desired social image more often than people in individualist cultures.

Perceptions about the interviewer can also lead to response bias. In many traditional countries, housewives are reluctant to grant interviews to male interviewers. Local or ethnic biases may also be present.

3) Differences in response style

Response-style equivalence is the final step. All the rest may be equivalent, but the respondents may give **unequivalent answers**.

There are 4 concerns:

- a. Yea-saying patterns (\leftrightarrow no-saying patterns)
 - The tendency to agree with items and yes-saying (or no-saying).
 - Less for individualists, more for power
- b. Extreme response style or middle response style
 - The tendency to choose the most extreme.
 - More for extraversion, power and individualism
- c. Non-contingent responding (random, careless...)
 - Can happen when respondents aren't very motivated to answer the questionnaire.
- d. Non-response pattern
 - Respondents may be unwilling to respond to some questions, such as those relating to income or age.
 - = An important source of bias in cross-cultural surveys.

Significant differences in response styles have been found across cultures and individuals within cultures. If managers interpret these differences as being substantive, they can make grave mistakes in their marketing decisions.

Response-style equivalence

- Mean scores and standard deviations for national groups may be biased.
- Median response style: When answering on a scale people tend to give an answer at the mean post of the scale (variance is artificially reduced).
- Extreme response style: People tend to overstate their responses (variance is inflated)
- *Yea-saying*: People tend to answer on the positive side of the scale (mean score has a positive bias)
- *Nay-saying*: People tend to answer on the negative side of the scale (mean score has a negative bias).
- Questionnaire design => balanced set of items to cope with yea & nay saying, but atonyms in Chinese, Japanese, Korean, ... // bipolarity/....

Data collection equivalence

Balanced set of items to cope with yea & nay saying

1. Do you like Coca-Cola

1 – 2 – 3 – 4 – 5

2. Do you hate Coca-Cola

1 – 2 – 3 – 4 – 5

If someone scores '3' on Q1, you expect that he/she will respond with a '3' on Q2 too. Though, if she/he scores '5' on Q2, you have an indication that he/she is a 'yea-sayer' (because he/she is not using the lower scores on the scales).

If someone scores '1' on Q1, you expect that he/she will respond with a '5' on Q2. Though, if she/he scores '3' on Q2, you have an indication that he/she is a 'nay-sayer' (because he/she is not using the lower scores on the scales).

7.7 Researching internationally

International business and marketing requires a greater focus on **the external environmental**, because this differs more across countries than within countries. There are 2 levels of environment that must be monitored.

1) Vertical environment

→ Government policies, organization, governing structures that may affect the industry.

2) Horizontal environment

→ Competitive environment, industry-specific opportunities, consumer preferences...

Market experience, market share and availability of people and resources are generally much stronger in the domestic environment than in the international markets. This and the limited availability of objective information (quantity and quality) increase the uncertainty in international market.

Most firms in international business place less emphasis on their foreign markets, using less formal and less frequent market research procedures than in their domestic markets.

The **Internet offers many opportunities** to access both secondary and primary research. It is relatively easy to locate information about a region or country of interest, including the macro-environmental factors, such as political, legal, geographical, economic and cultural information, as well as the micro-environmental factors such as market size, distribution systems, prices of local and global competition and consumer information.

Access to secondary information over the Internet is fast, easy and low cost, but it is also somewhat difficult to compare across countries and difficult to validate. As such, it is important to consider the source of the information.

The widespread availability of the Internet also allows access to detailed information about potential buyers. Blogs and other posts can be researched to examine product and competitor reputation to identify new opportunities, information about consumers' perceptions about a firm's current products...

The Internet also provides relatively easy options for initial primary research: traditional surveys via e-mail, online surveys and focus groups. Access to primary information over the Internet is relatively easy and cheap, but it is usually limited to Internet/e-mail users. This may be especially problematic in countries where there is low Internet access.

7.8 Conclusion

International market surveys should not be constructed by simply replicating domestic research. The nature and scope of researched market information, the way of collecting it, the accuracy of the data, as well as the criteria of reliability of the data, present cross-cultural variance.

Steps in the research process

Primer: Steps in the research process

36

1. Define the research problem (not symptom) and establish the research objectives

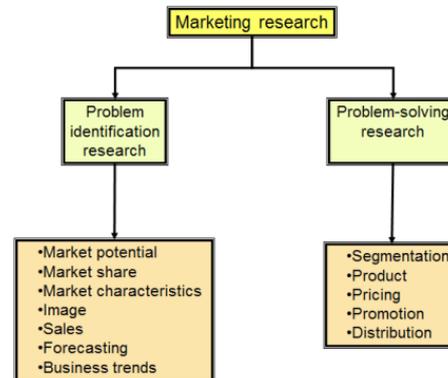
- Broad enough?
- Influence of local culture?

2. Determine the sources of information needed to answer the research objectives

- Availability, reliability, cost, etc.

3. Gather the relevant data from secondary and/or primary sources.

4. Analyze, interpret and present the results.



→ See last slides (35-39)

Chapter 8: /

Chapter 9: Product

A **product** is anything that can be offered to a market for attention, acquisition, use or consumption and that might satisfy a want or a need. Products can be: physical objects, services, people, places, organizations, ideas or a combination of these.

Customers buy products not for their features⁵³ (f.e. a Intel Core i7 chip) or functionalities (f.e. speed), but for the perceived **benefits** they deliver. The benefits that a product delivers can be **physical, logical or emotional**. Consumers usually want multiple benefits.

- ❖ Fanta quenches your thirst (**physical**), tastes good (**logical**) and allows you to have fun (**emotional**).
- ❖ A PC provides the **physical** capability to move and store bits and bytes, which enables the **logical** compilation of documents and spreadsheets that provide the **emotional satisfaction** of completing important projects and making sound decisions

→ Physical benefits are more standardized, emotional benefits differ from person to person.

⁵³ Feature = Kenmerk

Levels of product attributes

	
A car	Perfume
<ul style="list-style-type: none">■ Physical: steel + plastics + length + weight■ Benefits: number of persons, fuel/mileage, level of comfort, safety■ Service: maintenance, after sales, parts■ Symbolic: luxury, economy, dynamism, sporty, ...	<ul style="list-style-type: none">■ Physical: scent based on flowers, fruit, spices,...■ Benefits: deodorize, cover odors, attract, self-esteem, ...■ Service: salesperson,■ Symbolic: Feminine / masculine, ...

Explanation:

When a consumer buys a Beetle, he/she gives another signal than when they would buy another smaller car (= symbolic).

9.1 Adaptation and standardization

The element 'product' in **the marketing mix** is often cited as the most standardized element, but in this element, there are various attributes that have more or less need for adaptation.

A product can be defined as a set of attributes that provide the purchaser or user with actual benefits. In some cases, these benefits may be universal. For instance, the products of IKEA are similar for all customers, even if they are Chinese or Australian consumers. IKEA is one of the strongest suppliers of product standardization in a global marketplace.

However, for many other products, consumers from different countries assign quite different weights to various product attributes. For instance, German consumers value ecological attributes more than British consumers.

There are three layers of product attributes that are more or less applicable to standardization:

1) Physical attributes

Standardization of these attributes provides the greatest potential for cost benefits, since economies of scale are mostly gained at the manufacturing stage.

→ f.e. size, weight, colour...

2) Service attributes

These attributes are fairly difficult to standardize, because the expectations and circumstances for service delivery differ widely from one country to another. Furthermore, most services are performed in direct relation to local customers. This means that service attributes are more dependent on culture.

→ f.e. maintenance, after-sales service, spare parts availability...

3) Symbolic attributes

These attributes often comprise the interpretive element of physical attributes. A colour is simultaneously a chemical formula for a painting or coat, and also the symbolic meaning conveyed by the material. However, symbolic attributes affect the choice to adapt and/or standardize in a fairly ambiguous manner.

International product(ion)

Cost efficient production

- ❖ Increasing scale of production → Mass consumption → Standardization
- ❖ Simply production seldom successful → Mass customization → Local adaptation

Standardization is cheaper, because there are scales of production. Companies can produce at lower costs. But sometimes, local adaptation is needed. The basic idea of McDonalds is the same in the whole world.

Levitt's (1983) thesis on the globalization of markets:

Standardize as much as possible (a lot can be done). Customize when needed around a standard core product. The core is standard, but the options, packaging... are customized.

Mixed evidence:

- ❖ In global industries (more standardization opportunities), firms which standardize show superior performance.
- ❖ Within an industry (similar world markets and opportunities), firms which customize perform better.
- ❖ A down-to-earth approach based on product attributes.

Which product elements are being standardized and why?

	Percentage standardizing	Reasons for adapting the marketing mix
Abstract	78% product quality 72% brand name 71% image 67% performance 54% size and colour 52% packaging and styling 48% variety, design and features 45% pre-sales service 43% after-sales service and warranties	92% culture 87% market development 84% competition 82% laws 78% economic differences 74% sociological consideration 71% customer perceptions 60% technological consideration 53% political environment 49% level of customer similarity 44% marketing infrastructure 39% differences in physical conditions
⇕		
Service	42% delivery and installation	

Explanation:

Companies standardize their products, because there are different cultures. They have to take into account the differences in cultures.

3 product layers applicable to standardization:

Product attributes	Arguments in favour of adaptation	Arguments in favour of standardization
Physical attributes Size, weight, colours,...	1 Cost-reducing adaptations Local standards, hygiene and safety regulations, local marketing knowledge, consumer behaviour, marketing and physical environments	2 Experience effects Economies of scale International standards International product use
Services attributes Maintenance, after sales, spare parts,	3 Limited savings related to scale Local peculiarities in service, maintenance and distribution	4 Significant learning effects 'Mobile' clientele
Symbolic attributes 'Hidden' aspects of physical or service attributes	5 Unfavourable image of imported products, company, nationality or brand name Inadequate meaning conveyed by colour, shape, etc.	6 Favourable image of imported products, company, nationality or brand Exotic or ethnic appeal Demands for 'universals'

9.2 Physical attributes – Why adapt?

Sometimes the decision to adapt products depends on the type of the markets (fe.e. similarity in culture, economic development, laws, marketing infrastructure, competition, technology, the type of consumers and their preferences...), the type of product and compatibility with the firm's strategy direction. Physical attributes don't need a high personal interaction.

Compulsary adaptation

Compulsary adaptation of physical attributes is often related to ***national regulations and standards***. Certain countries use standards which seem to operate as non-tariff trade barriers. For instance, Germany is known for its use of an exhaustive system of over 30 000 industrial standards. The adaptations are compulsory, not because the consumers want it, but the market forces the companies to do it.

It's about adaptations to the climate, usual sizes and packagings, technical standards, hygiene regulations and basic differences in consumer taste. Consumer tastes, frequency of consumption, the amount consumed per person etc. differ.

→ Climate and physical environment: Shelve space in US vs. Europe, humidity and temperature..

→ Local product usage: Fridge-Freezer



There is a trend towards international standardization

- ❖ International standards: CEN-CENELEC, ETSI and ISO
- ❖ International usage: Hand luggage, laptop...
- ❖ Innovative products – The product is standardized, but everything around it is different.
- ❖ Global consumer

New production methods allow for a better compromise between customized products and large-scale manufacturing operations.

- ❖ Different products based on common parts.
- ❖ Lagged differentiation: Standardization at the end of the production process.
- ❖ International product design.
- ❖ Co-creation (f.e. Coke Freestyle)

9.3 Service attributes

Key differences from material products:

- ❖ Intangibility
- ❖ Perishability
- ❖ Service capacity
- ❖ Customer involvement
- ❖ Service consistency
 - At one day a person will be happy and will give good service, maybe another day he will be unhappy and give bad service. There can be fluctuations in service.

There are barriers for companies that wish to export services. In fact, the export of services is more highly regulated than the export of products.

Service attributes include the following:

- ❖ Repair and maintenance
- ❖ Installation
- ❖ Instructions
- ❖ Waiting time (f.e. delivery dates)
- ❖ Guarantees
- ❖ Spare parts availability
- ❖ Return on goods
- ❖ Technical assistance

The extent⁵⁴ of service attributes differs according to the type of good being serviced. Service attributes are essential for industrial equipment and many consumer durables. Service requirements in a cross-cultural environment are influenced by:

- ❖ Technical expertise
- ❖ Labour costs
- ❖ Literacy (instruction manual)
- ❖ Climate
- ❖ Remoteness
- ❖ Performance

→ If labour costs are high, then there is more focus on outsourcing or for standardized service.

⁵⁴ Extent = Omvang

More about service attributes...

- ❖ Difficult to standardize
- ❖ Differences in delivery
- ❖ Limited potential for pure economies of scale
- ❖ Some potential for economies related to learning. International transfer of knowledge is a key issue.
- ❖ Delivery processes vary cross-culturally
 - Level of performance
 - Style of personnel in contact and attitudes in customer interactions
 - Culture and waiting time: pre-, in- and post-process.

Services in more developing countries are more traditional and of a limited technical level. Especially if it is compared with technologically developed countries. In countries where shortages⁵⁵ are common, recycling is essential. Even across developed countries differences in the service offered by distribution channels are much greater than may be expected. The daily and weekly shop-opening hours vary widely. This affects attitudes towards distributing services. For example, where weekly store-opening hours are limited, people tend to turn to the Internet or mail order.

Service perceptions and evaluations (values) also appear to differ across countries. For instance, Japanese (high context/collectivist) consumers rates service perceptions, in the same superior service condition, lower than US (low context/individualist) consumers.

→ Expectations are higher for individualist countries (US)

→ The perception is lower when high context and collectivist (Japan), and high power distance and high uncertainty (France)

Consumers from low-context Western cultures placed more emphasis on the tangible cues, whereas those from high-context Eastern cultures placed more emphasis on the intangible cues.

Collectivist are more affected by WOM, when making service quality evaluations than individualist. It's about the opinions of others. What's written on the Internet has an impact.

If there is a problem of literacy, then companies can use symbols. IKEA is a company who does this. They use symbols in the instruction manual, so everyone understands it.

An important aspect of service is waiting to be served: to obtain maintenance or spare parts, to receive cash in a bank or to be served in a restaurant. In waiting, people have to deal with time, rules and power. The cultural assumption concerning time are central to the waiting experience: people with a strong economic time pattern may experience waiting as a waste of time, a painful moment with negative emotions.

⁵⁵ Shortage = Tekort

Service implies a person-to-person relationship, in maintenance as well as in restaurant or other services. Another interesting question is whether customers prefer automated service, which is widely expanding (f.e. automatic teller machines, ticket machines...), or to be served by real, flesh-and-blood people. A being orientation implies a preference for personnel contact whereas the doing orientation favours automated service, which is purely task oriented.

The decision to adapt services to diversified international requirements implies little costs. It's more easy to increase returns from economies of scales for a product's physical attributes, than for its service attributes. On the other hand, there can be substantial learning effects with service attributes.

9.4 Symbolic attributes

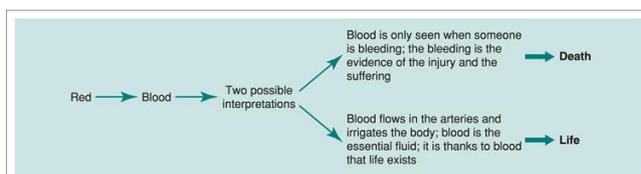
The symbolic aspects of consumption are important to consumers. The social meaning of many products is more important than their functional utility or at least as important.

The interpretation of symbolic messages conveyed by attributes, such as colour, shape and consistency of products may differ significantly between the marketer's culture and the consumer's culture. White is for example the colour of birth and in the West usually refers to a happy life event, whereas in China it symbolize mourning. Conversely, the colour black symbolizes death in the West.

Symbols which are diffused by the design of a product or its packaging may be associated with the intrinsic qualities of the product itself. Colours may also be associated with particular product categories or product attributes. Purple, for example, is perceived as expensive in Asian cultures, but inexpensive in the US.

- ❖ Symbolic associations related to **physical attributes**
 - Colour of a product, its shape...
- ❖ Meanings related to the brand name
 - Product/Corporate
- ❖ Connotative meaning of **product-design and aesthetics**
 - Functional? Easy-to-use? Modern? Luxurious?
- ❖ Consumer perceptions of **product origin**
 - If they are searching for this information
 - It is available
 - They take origins into account (manufacturing origin, country of design, country suggested by the brand name...)

Example:



Symbolism: in every culture, things, numbers, even smells have meanings

- Black is not universal for mourning
 - In many Asian countries it is white
 - Brazil it is purple
 - Mexico yellow
 - Ivory Coast dark red
- Red suggests good fortune in China
 - Death in Turkey
- Blue is the most masculine in USA
 - Red is in the United Kingdom or France
- Pink is the most feminine in USA
 - Yellow is more feminine in many other parts of the world
- A candy wrapped in blue or green is probably a mint in the USA
 - In Africa it would be wrapped in red, our colour for cinnamon...
- Lemon scent suggests freshness in the USA
 - It is associated with illness in the Philippines
- 4 in Japan is like our 13 West
 - 7 is unlucky in Ghana, Kenya and Singapore
- An owl is bad luck in India, like our black cat
 - In Japan a fox is associated with witches

Source: Copeland and Griggs, 1986, p. 63

Chapter 10: Pricing

What is price?

→ Value is a function of benefits and penalties, including price.

Buyer's view	Seller's view
❖ Price represents the value of something	❖ Price represents a revenue stream
❖ It can also be a cue	❖ Contribution to profits
❖ Buyers have purchasing power to make choices about what to buy, based on a large extent on price.	❖ Accumulation of costs
	❖ Important element of an integrated market mix

10.1. Price = Meaning

Price = Economic (the value of a product) vs. relational (buyer/seller)

Prices are considered as objective in most consumer goods and consumer durables markets where goods are sold in mass distribution outlets that allow price comparison between stores. In such cases, the meaning conveyed by the price evolves mostly around the value of the good and the money transfer.

Prices become more central to **the relationship between buyers and sellers**, and to companies and their consumers, distributors or competitors in the following conditions.

There is a stronger emphasis on relationship if...

- ❖ price is not displayed (f.e. B2B).
- ❖ buyer (has to) open(s) price negotiation. If it isn't necessarily the seller who announces the first price.
- ❖ no market reference of a fair price (new products, luxury products, identity signals...)
- ❖ price is expression of LT-process. A particular price is understood by both the seller and the buyer as taking place within a series of transactions (past, present, future).
- ❖ products are sold below marginal costs.
- ❖ high inflation and/or government regulations.
- ❖ indirect costs are included in total price (f.e. maintenance, spare parts...)

Overview:

Meaning conveyed by price in ...	by ...	Section
Buyer-seller interactions	Bargaining rituals, price offers and relationship development	10.2
Consumer behaviour	Differences in consumer price-mindedness across cultures	10.3
Product evaluation	To what extent is quality inferred from price?	10.3
(Tough) competition	Signalling willingness to compete by dumping prices	10.4
Target market(s)	Showing commitment to customers in a target market through attractive pricing	10.4
Distributors (grey markets)	Signalling desire to avoid parallel imports from opportunistic distributors who disturb international price policy and may	10.4
International/Organizational Marketing		
(Peaceful) competition	Signalling willingness to enter a market with cartels 'peacefully'	10.5
Price increase policy	Meaning conveyed by price in high-inflation contexts	10.6
Relationship to suppliers	Overcoming barriers for supplier to receive real price by over- or under-invoicing	10.6

The environment can influence the price (sometimes in favour of the consumer):

- ❖ Currency fluctuation
- ❖ Inflation
- ❖ Government controls, subsidies and regulations
- ❖ Competitive behavior

Currency fluctuations

- MUMBAI (Reuters) – Mastek Ltd 54% fall in net profit Jan–March quarter
- Revenues of 1.72 billion rupees, down 26% from a year ago
 - 1/3 drop because of currency fluctuations
 - Rupee rose 4% against dollar
 - 10% against pound during the quarter
 - Domestic revenues has actually grown
 - delay in orders from existing customers in the US
 - a price cut on one large account.

Inflation rate

Some examples	2012	2011
South Sudan	79%	
Sudan	32%	18%
Syria	34%	5%
Argentina	25%	21%
Iran	24%	21%
Malawi	18%	8%
Uganda	15%	19%
Somalia	Businesses print their own money	
Malaysia	Low, but 30% goods price controlled	

Regulations – f.e. Pharmaceuticals

- | | | | |
|---|--|--|---|
| <ul style="list-style-type: none"> Complex market drivers ■ Pharmaceutical companies ■ Payers (e.g. insurance) ■ Providers ■ Patients ■ Public policy | <ul style="list-style-type: none"> ■ Consumers seldom pay <ul style="list-style-type: none"> □ Government and insurance lists □ Influence doctors and demand ■ Strategic differences <ul style="list-style-type: none"> □ Prilosec (1st entry) premium □ Prevacid (later) 10% discount □ Sandoz (later) 50% less than major competitor to claim share □ Claritin parity with leaders ■ Regulatory authorities differ <ul style="list-style-type: none"> □ (see next slide) | <ul style="list-style-type: none"> ■ More regulated <ul style="list-style-type: none"> □ France and Italy ■ Government sets <ul style="list-style-type: none"> □ Pricing <ul style="list-style-type: none"> ■ France, Italy, Spain □ Budget or revenue growth <ul style="list-style-type: none"> ■ France □ Reimbursement price <ul style="list-style-type: none"> ■ Germany, Holland, Denmark □ Return on capital (17–21%) <ul style="list-style-type: none"> ■ UK | <ul style="list-style-type: none"> ■ Less regulated <ul style="list-style-type: none"> □ UK and Germany ■ Pricing flexibility <ul style="list-style-type: none"> □ Products introduced 1st in UK |
|---|--|--|---|

International price policies basics

→ Economic aspects of price policies

- ❖ The price is **a key variable for competitiveness**. But in some cases the law set one price in the absence of customs duties and transportation costs, and prices for particular items should be the same worldwide.
- ❖ Even if it is never fully verified in practice, prices are **converging** worldwide, especially at the regional level.

- ❖ Prices are **not only objective variables**, but also subjective cues that have an influence on consumers, industrial buyers, competitors and regulators (competition authorities).

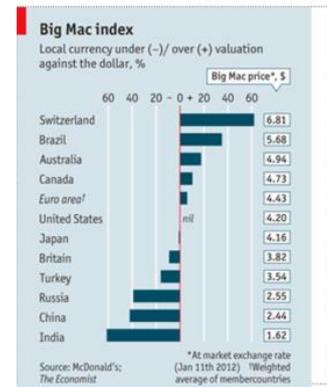
A world price index based on the Big MAC ↔ Law of one price

The McDonald’s corporation is obliged to **adapt prices to local extents** in order to maintain a somewhat consistent price-quality ratio. The company has a special policy:

- A standard product and a standard price.
- Local prices account for purchasing power per capita.

The Big MAC index

→ The most well-known product of McDonald’s corporation becomes a measurement tool for world inflation through The Economist.



10.2 Bargaining – Buyer-seller interactions

Bargaining is **a common practice**. The importance of bargaining is often **underestimated**. If the price is not right, the product won’t be bought. In most cases, bargaining is legally prohibited or strictly controlled in most developed countries.

Bargaining at the supermarket checkout is rare and liable to result in confusion or embarrassment. However, once the price reaches a substantial level, people in developed countries return to bargaining as a way to maximize the value to the consumer and the retailer. In most developing countries (Thailand, the Philippines, India and the Middle East) bargaining is still **the rule**, even for items of low value or little vital interest. Weak purchasing power considerably increases the importance of bargaining.

→ There are cultural differences.

Example – Cultural differences

Survey of consumers, we asked:

‘Can you think of an incident, either at home or while travelling, where you negotiated the price or got something extra for free?’

- Australia (Individual) 44%
- Germany (Individual) 42%
- Brazil (Collectivist) 65%
- South Korea (Collectivist) 77%

In a culture where bargaining is expected, price is a tug-of-war exercise. Who will give way, the seller or the consumer? Who should be the first to make concessions?

→ **4 items play a major role.**

- 1) The initial power position of each party.
- 2) The degree of urgency for either buyer or seller to close the deal.
- 3) The initial suggested price must leave room for manoeuvre.
- 4) The type of social process by which seller and buyer adjust their price.

Factors in favour of bargaining/economic determinants:

- ❖ Front-of-house staff
- ❖ Quality uncertainty due to the product heterogeneity or lack of information available to the buyer.
- ❖ Relatively expensive (in terms of time and effort of bargaining)
- ❖ Bargaining culture (definition of time → See chapter 2)
- ❖ Online platforms
- ❖ Economic downturn

Some examples:

- Front-of-shop vendors

<https://www.youtube.com/watch?v=LvITJ60caE>

- Uncertainty: art



Ritual aspects of bargaining

In the Middle east: Buyer shows interest, seller replies⁵⁶ that there is no difference between them, that they share the same interest, that the price is not what pleases him, he wants to find out what pleases the consumers...

- ❖ Consumer insists that a price is indicated.
- ❖ The seller first lauds the merits of the product before announcing the price.
- ❖ The customer (contrary to developed countries) does not doubt qualities (signal of ignorance)
- ❖ Both parties declare reference price (max customer, min seller), start exchange.

In Zambia f.e., asking for prices is admitting that you have low purchasing power. It's linked with lower social class.

⁵⁶ Reply = Antwoorden

Example – Canada:

- ❖ 'We're flexible, where if they're getting a larger order and they suggest it, we'll give a little . . . Some customers feel that they have to have a discount to buy it'.
- ❖ 'You can dicker in furniture, appliances, carpeting, something like that, here. But not on the smaller things, like clothing, giftware, shoes'.

10.3 Price and consumer evaluations

Consumers tend to use price as a proxy or cue for **quality**, especially if other criteria are absent. Price plays a major subjective role in the assessment of quality when:

- 1) It is very difficult to measure quality objectively. There is no generally accepted method of measuring the objective quality of a product, and much less for a service.
- 2) Perceived quality of a product is even more difficult to measure than quality itself. The concept of quality is subjective but not irrational. It is based on an evaluation of both intrinsic product attributes, such as tastes or physical characteristics, and extrinsic product attributes, such as advertising, brand and price.
- 3) Perceived quality combines with other evaluation criteria to form a perceived value that shapes and determines the consumer's decision to buy or not.

Price is usually the most important proxy of quality. But...

- ❖ (Objective) quality is difficult to measure.
- ❖ Perceived quality is personal/subjective (not irrational).
- ❖ (Perceived) quality is only one determinant of perceived value.

When we talk about price perceptions, it's about **monetary and non-monetary aspects**. Perceived monetary price means that consumers may not recall the exact price, but may have framed in their minds a simplified, general impression in comparison to a reference price range. This price impression needs to be sufficiently close to consumer expectations if they are to buy.

Monetary aspects	Non-monetary aspects
Perceived monetary price = Simplified reality (expensive, cheap, rounded prices...)	All sacrifices ⁵⁷ , such as distance, time, risk.. → f.e. Time spent on shopping or cooking

Non-monetary price varies across cultures. A trip to buy a product or the preparation of meals may be perceived as enjoyable in certain cultures and reflects no perception of sacrifice or non-monetary price awareness.

⁵⁷ Sacrifices = Offers

High cultural influence on non-monetary price:

- ❖ 'Time is money' → Perceived non-monetary price will be higher in general for economic-time minded consumers.
- ❖ 'Home-made food is the best' → This can influence the perceived quality of frozen foods, even though there is no reason why their objective qualities should not be better.
- ❖ 'Where there is pleasure, time doesn't count.'
- ❖ Low power distance: Inequality is not accepted.
→ High price for 'being served'.

It is expected that price and quality strongly correlate in a competitive market. However, many studies show that the actual **relationship between price and objective quality is low**, probably because consumers are imperfectly informed about the price and quality of competing products. Objective quality is based on characteristics that can be measured by consumer tests like those carried out by Consumer Reports magazine. Measures of the objective price-quality relation are based on correlations between quality evaluations, carried out by consumer magazines, and the price of the product.

→ CCL: Price is only a weak indicator of objective quality. It is correlated, but weak.

The more unfamiliar with a product, the greater the effect of price on perceived quality and choice.

→ Product innovations and new market entries.

Consumers generally have difficulties establishing a clear price-quality relationship, especially when quality is only revealed after the purchase. Consumers often need to use other cues to make inferences.

Choice strategies in absence of good quality info:

- ❖ Best value: Rationalization of perceived quality
- ❖ Price seeking: Expensive = Good
- ❖ Price aversion: Cheap = Good

Cultural dimensions of price quality & choice strategies

1. Northern European consumers. (→ Protestant Societies)

The price levels in Northern European shops and also the robustness and durability of products may be surprising. A possible explanation is that these countries are primarily Lutheran. They **minimize consumption**, because they have a **preference for long-lasting products**. This means that goods should be expensive in order to limit their consumption.

Furniture for homes should f.e. be long-lasting. This means that people rarely buy furniture and, when they do, they are looking for the best price-quality relation, where the minimal level of quality is high. IKEA's strategy corresponds to this type of choice.

2. Southern Europe and Latin societies

The purchasing power in southern Europe is somewhat lower than the north European average. People stay outdoors more because the climate is warmer. Social life often takes place outdoors. For this reason, visibility/appearance is more important (f.e. seasonal fashion).

In addition, the Catholic doctrine is rather **ambiguous about money**, and has little to say about price-quality ratio. The Catholic Church has never been preoccupied with the price and quality of material possessions. the Catholic religion is not a 'lover of money' and could therefore be said to support spending.

Catholic doctrine: **Anti money, not anti spending**. Catholic aren't against money, but against not spending money. If you earn money, you have to spend money. For yourself or for the society.
→ Desing, fashion, seasonal influences, signaling value of products..

Chapter 11: Internation distribution & Sales promotion

11.1 Choice of distribution channel (International Marketing)

The decision to choose one distribution mechanism over another when entering a foreign market comes down to finding an acceptable balance of control vs. risk. There are **5 ways** how a retailer can enter a foreign market.

1) Internal expansion

An internal expansion involves that a firm opens their own store(s) within the foreign markets.

Adantage	Disadvantage
❖ High control and low risk	❖ It requires very strong understanding of market
	❖ It can take a long time to build a presence.

This strategy can be demonstrated by **the 'flagship' method of retailing**, which is prevalent in the luxury fashion marketing, when a firm opens a 'showcase' store as an attraction, rather than being a retail outlet. Louis Vuitton is one of the most successful shops who used this method.

Other examples:

- Burberry (Flagship, regular & Outlet shops)
- Carrefour (China, Brazil...)
- Veritas, Cassis, Paprika...

2) Merger or takeover of a host country firm

This strategy means that a company buys existing retailers in the host country and rebranding it. This allows quick and substantial access to the market with a structure already in place. Walmart used this method successfully in countries, such as the UK. But this method is costly and risky. Walmart also experienced a spectacular failure in Germany using the same method.

Adantage	Disadvantage
❖ Fast & substantial entry	❖ Risky

Other examples:

- Carrefour: GB (Belgium = Difficult)
- Interbrew + Ambev + AB = AB InBev

3) Franchising

This strategy involves granting⁵⁸ local groups or entrepreneurs the **right to market a company's products** within a certain location. Franchising allows the home firm to enter a country at a relatively low cost, with the risk shared with the franchisee. The use of local franchisees gains the firm access to local knowledge, as well as some commitment from locals to do what they can to help the firm succeed.

However, the franchisee must be **carefully chosen** as strong ambassadors of the firm, and the individuals involved are crucial to the overall success. Examples are IKEA and Carrefour (Bulgaria, Bahrein, Egypt, Saudi Arabia...).

Adantage	Disadvantage
❖ Low cost	❖ Risky (selection of good/reliable franchises)
❖ Shared risk	

Franchising becomes more and more popular. There are some **obligations**.

Franchiser	Franchisee
❖ Brands	❖ Capital
❖ Shop signs, designs and models	❖ Daily management
❖ Location study	❖ Entry fee
❖ Technical knowhow	❖ Royalties
❖ Commercial knowhow	❖ Commitment not to compete with the franchiser if terminated.
❖ Training	
❖ Technical assistance	
❖ Supplies and procurement	

There are different domains for international franchises

- a. Services (hotels, fast food restaurants...)
- b. Distribution (Phildar, Benetton...)
- c. Industrial franchises (rare)
 - Yoplait, a major cooperative for milk-based products, grants franchises to other cooperative organizations worldwide.
- d. Strict control must be exercised, without lenience, on franchisees.

⁵⁸ To grant = Toekennen

4) Joint ventures

This strategy can take **a wide variety of forms**. But in most of the cases it are joint operations in promotion, distribution, technology, and/or... Ideally the choice of joint venture partner is a strategic one, taking in account the firms strategic goals, resources and capabilities. Research suggests that firms with less international experience, less R&D capabilities, and a higher need for complementary assets are more likely to choose a joint venture strategy over internal expansions.

Many emerging economies have **strict regulations** limiting direct foreign investment, which make joint ventures an attractive alternative.

Adantage	Disadvantage
<ul style="list-style-type: none">❖ To compensate own weaknesses, such as lack of international experience, less R&D capacities...❖ To cope with local regulations (India, China...)	<ul style="list-style-type: none">❖ Different interests, goals

Examples:

- India: Tata & Fiat → Mahindra & Renault, Bharthi & Walmart...
- China: Xian-Janssen Pharma

5) Non-controlling interest in a host county firm

This strategy is **a relatively passive entry into a market** that is a way of gaining the in-dept knowlegde and experience necessary to be successful in a market without taking on direct responsibility. For instance, Walmart obtained non-controlling interst in yihaodian.com in order to get a foothold nto the difficult Chinese online retailer sector.

Adantage	Disadvantage
<ul style="list-style-type: none">❖ Easy way of getting (first) in-depth knowledge.❖ Foothold	<ul style="list-style-type: none">❖ Passive❖ Risky

Selecting the best channel – 9 C’s criteria

→ Foreign channel viability

1) Consumers and their characteristics

Some geographical segments in foreign market may be more import oriented. Channels serving these segments should be preffered. Groups of countries can also differ in their difference for certain retail functions.

→ Chapter 5

- Consumers: Kronenbourg & US
 - NYC: used to drink imported beer (Heineken)
 - NYC => Metropolitan Area => US (5 years)

2) Culture

Distribution is the element of the marketing mix most deeply rooted in the culture, because it is closely related to everyday life and human relationships. It's about local styles of interaction.

→ Chapter 3

■ Culture:

- Uncertainty Avoidance?
- LTO => sparing with resources => recycling & self-service
- Market Bazaar in Middle-East: strong ties with self-identification => difficult entry for large retailer

3) Character

It is important that the image projected by the channel, its sale methods, shop locations and clientele, should correspond to the image and character that the product is intended to convey.

■ Character: fit between channel and product

- Spain: small/local shop = fresh => fish, meat, vegetables, ...

4) Capital

Financial resources are necessary to start and maintain the channel (fixed capital and working capital).

■ Capital: support of parent corporation?

- Starbucks Australia: 2000-2010: \$200 mio accumulated losses

5) Cost

This criteria is strongly linked to capital, but relates more to trade margins than to overhead costs. It depends largely on the respective position in relation to the strength of producers and distributors.

■ Cost (pressure on operational margin)

- High pressure on manufacturers if distribution is controlled by a limited number of actors
 - Australia: 2 retailers => 82% MS
 - US: 5 retailers => 65% MS
 - Japan: 3 retailers => 32% MS

6) Competition

Competition arises in channels either through competing products being placed side by side on shelves, or through competitors refusing other producers access to the distribution channels (= cartel).

■ Competition

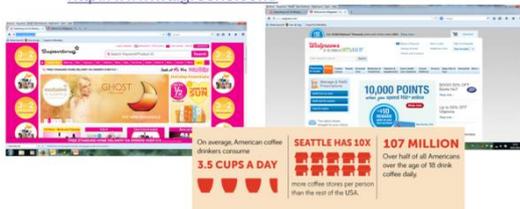
- Starbucks: Australia Mature Market ↔ Belgium

7) Coverage

It is important to cover markets, many of which may be widely scattered⁵⁹. Markets that are very concentrated also tend to concentrate competition, since demand attracts supply.

→ Geographic coverage

- Coverage: product range, size, options
 - Different for comparable channel types
 - <http://www.superdrug.com/> vs <http://www.walgreens.com/>



8) Continuity

It is vital that the chosen channels do not turn out to be unusual for some reasons, such as bankruptcy or financial difficulties...). Continuity may be hindered by seasoned competitors, who persuade distributors to lock out the newcomer. Threats to continuity makes initial channel choice that much more important.

- Continuity: reaction of local competitors?
 - Price wars
 - Cartels
 - Regulation: <http://www.bbc.com/news/world-europe-20170831>

9) Control

The ideal situation may be one in which the company creates its own distribution network. This ensures maximum control. Large companies should consider integrating their own distribution abroad, particularly when the product differentiation is large (f.e. when there are few substitutes) or where the network assets are transaction specific.

→ **Ideal** = Company creates its own distribution network

- Control:
 - own distribution vs franchise vs agents ...
 - If relational aspect is important: high control, less outsourcing (↔ hybrid marketing: sales and distribution: local vs strategy & promo: central; eg. PC markets)

⁵⁹ To scatter = Verspreiden

11.2 Distribution as 'cultural filter' (CC marketing)

Distribution channels from relationships with consumers through direct contact. People get into the habit of buying certain products, which are backed by fixed services in particular shops.

- ❖ Shopping behaviour differs in many ways according to culture. The first point to consider is whether the shopping experience is a cost or a benefit. It is viewed as a cost in terms of using precious time (strong economic view), or as a benefit in terms of the whole shopping experience.
- ❖ The differences in opening hours in northern and southern Europe clearly illustrate the influence of culture on the distribution system. In northern Europe is sacred and a prevailing feminine orientation strives towards protecting store employee quality of life, which would be spoiled by long opening hours.
- ❖ Religious or social beliefs may lead to some products being legally banned from particular outlets. For example, in France aspirins can only be sold through pharmacies. In the US, as in many other countries, shops can sell basic medicines. These practices correspond to differing views on whether people can be trusted to self-medicate. French legislators do not trust patients and require them to proceed through doctors and pharmacists.
- ❖ Wide differences also exist in perceptions of waiting and service. In the US and Japan, it is a standard practice in supermarkets for staff at cash registers to help customers pack their purchases. In many cases an employee is specifically assigned to packing and often to offer to help. In most of Europe, where mass distribution is oriented towards low price rather than service, customers pack their things as they pay.
- ❖ Theft by customers or store employees is also an important consideration in distribution, which is likely to differ on a country by country basis. Economic constraints (f.e. purchasing power per capita) play a certain role, but they do not explain everything. For instance, in France and Italy theft is more common than in Greece, which has lower income per capita. In some countries, theft is not a problem, because it is clearly understood as evil by everybody.

The relationship between domestic producers and distributors may be stronger, more loyal and collaborative, or weaker, more unstable and conflictual, depending on the country. Strongly established links between members of domestic channels generally make entry more difficult for foreign firms. The French invented the concept of the hypermarket and benefit from a distribution set-up that is effective, powerful and strongly independent of producers. It is so strong that products bearing the store name compete head to head with producer brands, creating an atmosphere of conflict between producers and distributors, where loyalty is difficult to maintain.

→ Strong negative: France (Hypermarkets) individualists

→ Strong positive: Japan collectivist and emotional

Kale and McIntyre posit a series of ***hypotheses on channel relationship*** based on Hofstede's four cultural dimensions.

❖ *High uncertainty avoidance*

→ Will look for partners with solid reputation and who can offer written performance guarantees.

Low uncertainty avoidance

→ Informal contracts + More flexibility in negotiations.

❖ *Individualist and masculine cultures*

→ They tend to choose partners on objective and economic criteria.

→ They negotiate the terms of the agreement, which can lead to conflicts.

→ They engage in new relationships as well as in old ones.

→ Lower levels of cooperation

Collectivist and feminine cultures

→ More relationship centered and expect more harmony and balance in the partnership.

→ Dissolution⁶⁰ will be less aggressive and less frequent.

❖ *High power distance*

→ Coercive behaviour

→ Less face-to-face communication

→ Unilateral decision

Low power distance

→ They will avoid coercion

→ Prefer face-to-face communication

11.3 Direct & online marketing (CC marketing)

Direct marketing uses the Internet as a global medium. Many companies use their own website to provide detailed product information, but they also give the opportunity to make online purchases. Some companies are entirely Internet based, with no bricks-and-mortar shops. Amazon.com is perhaps the most widely recognized of these companies.

→ ***Direct marketing = Internet marketing***

The concept of ***mass-customization and user-designed content*** has flourished the Internet. One example is Zazzle.com, a website that allows its users to create their own merchandise (f.e. posters, clothing...), or buy merchandise created by others. Content creators receive a commission for every item that is sold. This encourages them to get more people to buy, effectively making them a salesperson for the company.

⁶⁰ Dissolution = Ontbinding, einde contract

Recent research indicates that **individualist cultures** are more likely to purchase customized products online, compared to collectivist cultures. But **collectivist cultures** who purchase customized products are less price-sensitive than individualist cultures.

The Internet is not limited to its purchasing potential. It offers great benefits in terms of information exchange, sending company information to internal customers, sending product information to customers, allowing transactions with customers, marketing and sales support...

11.4 Sales promotion (CC marketing)

Sales promotion techniques are **universal**, but their use and the conditions of implementing them vary cross-nationally and depend on cultural variables. There are some **sales promotion targets**:

- ❖ Initial trial
- ❖ Initial purchase
- ❖ An immediate purchase
- ❖ Re-purchase
- ❖ An increase of frequency of purchase
- ❖ ...

There are different promotion techniques:

- ❖ Discounts
 - f.e. time-limited price discounts, coupons, reimbursement offers...
- ❖ Competition
 - f.e. games, contests, lotteries...
- ❖ Collection devices
- ❖ Free samples or some kind of cross-product offer, for the purpose of consumer trial.
- ❖ Gifts
 - f.e. in-pack gifts, reusable packagings, product bonus...

4. Sales promotions: cross-national differences

- Universal techniques, local usage & implementation

Technique	Culture-related features that may affect implementation
Coupons	Level of literacy, consumer and retailer sophistication/low social status implied
Contests and sweepstakes	Legal requirements/prizes must suit target market tastes
Price offers	Absence of price labelling and display/bargaining/trade misuse
Stamps and collections	Future orientation needed/high inflation/level of channel sophistication
Free samples	Interpretation of gratuity/trade misuse/theft of sampled products
Gifts (in, on or near packs)	Legal requirements/theft by channel employees or customers

Cross national differences in use and sales promotion techniques

a) Who is the target?

Often the target is **not only the end consumers**. Sales promotion may also be targeted at store personnel, to encourage them to stock a product, display it in a favourable position, or promote the product to the end consumer. This may be especially relevant to low-cost, commodity-type products that consumers need remaining to buy, such as batteries.

Directing promotions at the store may be **more effective in less developed countries**, where the final buyers are limited to the choices offered within a store.

b) Is the technique ethical?

Sales promotion regulation differ cross-nationally according to various assumptions about what is moral and immoral and what is fair or unfair in the relationship between the merchandiser/sales promotor and the customer/shopper.

Most developed countries regulate sales promotion in order to prevent abuse. There is also some fear that sales promotion costs could result in overpricing of products.

Example – Sales promotion LEGO

The goal of the sales promotion was to improve the household penetration.



- ❖ US: 'Bonus' packs and gift promotions. → It was a huge success
- ❖ They copied the approach to Japan. → No success. The cultural meaning of bonuses and gifts were 'wasteful, expensive and not adapted to the local tastes (ugly).

Is store size related to culture?

Store size is for the largest part **unrelated to culture**. Geography, population density, industry concentration and retail technologies obviously play a much greater role than culture. However, store size can be related to culture in at least two ways:

- 1) Many countries have laws that regulate new store openings and store size. They are debated between public authorities, the industry and various interest groups and voted on by the parliament. Such legalities to a certain extent reflect cultural choices, such as the Japanese retail store law that more or less hinders the construction of new large-scale stores.
- 2) Store size (once again to a certain extent) reflects the choice for more personal contact in the shopping experience. Smaller stores are evidence of a preference for personalized rather than depersonalized shopping.

Chapter 12: Branding – Managing meaning

→ **Focus:** Symbolic attributes that are linked to brand and national images.

Brand equity is a measure of the overall value of a brand. The set of associations that surround a brand is referred to as **customer-based brand equity**.

→ Product + Brand equity = Brand value

→ The name of a brand can give much information and make a substantial contribution to brand equity.

Global brands are never truly global:

- ❖ Brands as sounds.
- ❖ Global brands are based on alphabets
- ❖ Brands are based on linguistic devices. Some of which are global (alliteration), others are local.
- ❖ Visual elements of brands.
- ❖ Global brands are a federation of 'lexically equivalent' local marketing assets.
- ❖ Local consumer responses and images invested in similar brands.
- ❖ Local advertising strategy and execution has created over years different images.

A truly global brand name?

- ❖ A **translinguistic** device (sounds and writing)
- ❖ **Consistent** underlying core themes.
- ❖ Executed for at least **15 years** in a similar manner across a very large number of countries.
- ❖ Consumer **needs are consistent** for the product category worldwide (airlines vs. coffee).
- ❖ Ad **spending** of at least \$200 million per year worldwide and more probably \$0.5 billion.

12.1 National images – Product origin – Brand name

There is an important relationship between images of products and the symbols based on by their nationality. The influence of a product's nationality on consumer evaluations was first studied with respect to **the 'made in' label**. That is, the origin label put on products. But this label is not the only element that contributes to consumer perception of product nationality. The following elements all contribute to such perceptions:

- ❖ Image of national products vs. imported or international products.
 - Imported beer in Belgium vs. US
 - French cars in France vs. other companies
 - Apple: Designed by Apple in California, manufactured in China
 - Stereotypes
- ❖ National images of generic products.
- ❖ Image diffused by the brand name.
- ❖ Image of 'made in' or 'designed in' label depicting manufacturing origin.
- ❖ National image of manufacturing company.

→ 4 levels of national images.

In most cases a product category is not clearly associated with only one country. For example, wine may first bring to mind France, but also many other companies have strong associations with one or more varieties, including European countries (Germany, Italy, Spain and Portugal), but also Australia, Argentina and Chile. There are also regional associations with wine, such as Bordeaux, Rhone, Valley...

In fact, many products, especially those based on local natural resources have strong associations with countries and regions. But the desirability of product associated with a country or region differs by product category and consumer group. So companies **must be careful** about the image they wish to convey.

National images operate on multiple levels and as such can send confusing messages to consumers.

1) National image of generic product

Images that correspond to what is locally valued in each country should be diffused (imported or national) for the product category concerned. This can lead to the adoption of a name from the target country, due to strong nationalistic feelings.

Some examples:

- Rice → China
- Perfume → France
- A pair of jeans → the US..

2) National image of manufacturer

If the product category is generally associated with a specific country or origin, the brand name should be designed accordingly. For example, a manufacturer of machine tools should not be reluctant to adopt a German name, because of the favourable associations of German-soundings names with technical reliability.

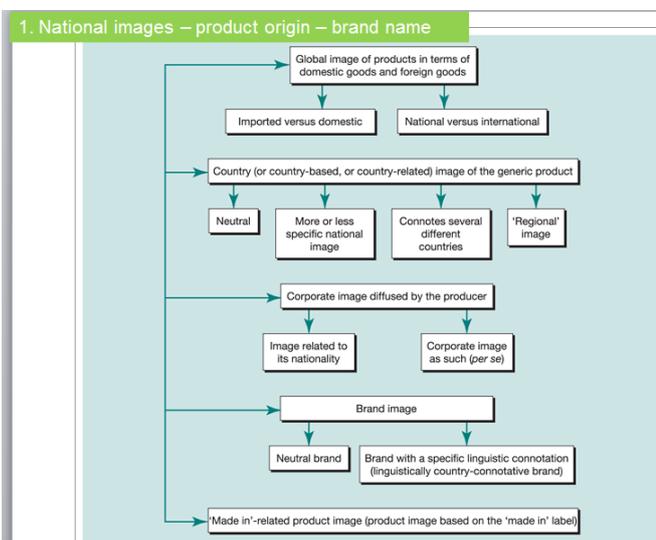
3) The image diffused by the brand name

The visibility of the company name, the brand name and the 'made in' label should be adjusted depending on their respective ability to convey the desired symbolic meaning.

4) The image of the 'made in' label

Manufacturing origin legally appended to the product. Origin labelling is mostly mandatory in international trade.

Overview:



Product	National image of generic product	National image of manufacturer	Country evoked by brand name label	Country image diffused by 'Made in' label
 Shalimar (perfume by Guerlain)	French	French	India/Orient	French
 Kinder (milk chocolate bars made by Ferrero)	Swiss and other countries	Italian (but manufacturer's name, Ferrero, rarely appears)	German (means 'children' in German)	'Made in' hardly visible – often Italy
 National (vacuum cleaner made by Matsushita)	Neutral	Manufacturer's name (Matsushita) does not appear	National brand makes people believe that product is local	'Made in' label hardly visible – different national origins
 Coca-Cola	International	American	America	Neutral
 Kremly (yoghurt by Chambourcy, part of Nestlé)	Balkan/Bulgarian Slav	Looks French, but is a worldwide brand of Nestlé Switzerland	Kremly (name and graphics) evokes Kremlin, a Slavic image	'Made in' label is local
 Brother (typewriters by Brother)	Neutral	English/American (in fact a Japanese company)	International	'Made in' label indicates origin

Table 12.1 Some examples of the combined influence of brand name and country of origin on product image

12.2 Consumer evaluations according to COO

Consumers use the manufacturer's country of origin (COO) symbolically. In other words, they use it as an associative link.

Country of origin effects are product, not country specific

■ Ethnic specialties

- Italian pizza
- Italian cars

- German tools
- German food

- British puddings
- British home design

■ Core competencies

- German quality and reliability
- France luxury
- Italy beauty and design

→ German = Robustness

→ France = Luxury

→ Italy = Beauty and design

Heuristic cue of quality:

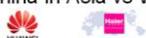
- ❖ Country of origin is not an isolated attribute.
- ❖ Quality is judged across many attributes.
- ❖ COO cues are more used when consumers are more unfamiliar with a product. Knowledge and familiarity with a product category decreases the use of COO.
- ❖ COO cues are more used for credence goods, such as service, education, food supplements...
- ❖ Normative behaviour

Complex management of global brands:

- ❖ US: Single product branding
→ Single-minded approach
- ❖ Europe: Corporate name often used in conjunction with product category brand + product brand
→ Complex meanings
- ❖ Japan: Corporate brand
→ f.e. Kamei
- ❖ Brands are targeted to consumers and also to the organization itself and its distribution networks.
- ❖ Several brand levels are difficult and costly to manage
- ❖ Brand histories are in favour of Japanese and American global brands

Country is not always shared across countries:

■ China in Asia vs West



■ Cultural animosity

- Japan vs China
- US vs Russia
- US/GB vs Arab countries
- ...

■ Political systems

- Democratic countries
- (Former) communist countries

■ Economic development

■ Economic link with domestic country

- Warehouse, sales department, local service desk, ...

COO ambiguity:

COO ambiguity means that consumers are largely unaware of the COO of many products and find it less important to assess where their products come from.

- ❖ 'Designed in' v. 'Made in'
- ❖ Specific vs. abstract (Asia, Europe...)
- ❖ Flexible: Japan '70 vs. now
- ❖ COO vs COB (Country of Branding)
 - Whirlpool: US or UK
 - Samsung: Japan or Korea

→ Perceived COO (~= Country of Branding)

COO and ethnocentrism:

Consumer **ethnocentrism** represents the beliefs held by consumers about the appropriateness or even morality, of purchasing foreign products. Thus, highly ethnocentric consumers are likely to believe that purchasing imported products harms the domestic economy and causes unemployment.

Consumer **age** significantly correlates with ethnocentrism. Older people are more ethnocentric than younger people. Older consumers are also likely to have more animosity toward specific countries.

Consumer ethnocentrism has been shown to influence consumers' **attitudes and perceptions about foreign products**. Generally, there is a positive relationship between ethnocentrism and domestic products, and a negative relationship between ethnocentrism and foreign products.

Consumers perceive **a lesser risk for national products**, which would explain the preference for national products. Or they perceive a lesser risk for products of certain countries with a favourable image.

Consumers who come from high vs. low **uncertainty avoidance** countries may also use COO information differently. Consumers from high uncertainty avoidance countries evaluated uncertain COO quality images less positively and had weaker behavioural intentions than those from low uncertainty avoidance countries. For certain COO quality images, there was no difference.

12.3 National – International – Global brands

Branding is an important tool used **to differentiate products**. The recognized benefits from differentiation include expanding sales, increased profits, greater power with distributors and the ability to survive economic conditions. But there are also possible negative consequences.

Within companies, there are **different levels of international branding**.

- Most brands start national
- Most brands stay local/national
- International brands mainly US brands
- Also see slide 40.

COO	Count	%
United States	55	55%
Germany	9	9%
France	7	7%
Japan	7	7%
United Kingdom	4	4%
Italy	3	3%
South Korea	3	3%
Netherlands	3	3%
Sweden	2	2%
Switzerland	2	2%
Spain	2	2%
Finland	1	1%
Canada	1	1%
Mexico	1	1%
Total	100	100%

International companies face 3 situations in terms of international brand names:

- 1) Ex nihilo creation of an international brand name for new products with high global potential. It must be pronounced and understood in a similar way across diverse linguistic and cultural context.
- 2) Selection of potential international brand names from a large brand portfolio, resulting from external growth by acquisitions of local players and multiple layers of branding.
- 3) Assessment of the potential for an international extension of regional brands, developed by subsidiary based in the lead country for a region.

The brand name of a given product is often the same name of a company that manufactures it. Since the brand name is historically related to the founders of the company, it is difficult to change. Companies such as Procter & Gamble (with names that are difficult to pronounce in many languages) have followed a twofold strategy. Product names, such as Ivory, Camay, Pampers..., have been promoted almost independently from the Procter & Gamble company name and the Procter & Gamble name has been simplified so that it can be easily memorized and verbalized, either to simply Procter, or to P&G.

→ Facilitate international communication = Simplification.

A brand name is **difficult to memorize** for most customers in many countries. This can be a serious obstacle to clear communication between the buyer and the seller. Therefore, it is essential to be prepared to carry out the necessary brand-name modifications. A global Visual Identity System (CVIS) has several benefits. It consists of the name of the company, the logo/symbols, typo, colours and slogan. CVIS increases sales, consumer goodwill, consumer familiarity, consumer awareness and market share.

The options for the transposition of an existing name range from translation to transliteration, to creating a new transparent brand name.

- a) **Simple translation** is rarely used, because it may result in a disaster in relation to meaning. It will also be difficult to create international brand recognition.
- b) **Transliteration** is better, because it attempts to reconstitute the meaning in the target language that exists in the source language.

Example:

The American hair-care product Silkience (Gillette) is sold under the same brand name in Germany, under the brand name Soyance in France and under the brand name Sietel in Italy.



- c) The best type of brand is **the transparent brand**, such as Sony, which is suitable everywhere. Other examples are Toyota, Aldi, Apple...

Brands

Brands are based on sounds, written signs (letters and pictographs) and visual elements (logo and design). The linguistic content of a brand name has an influence on its verbal and intellectual meaning, and its interpretation by consumers.

A brand name should be easy to pronounce. A simple rule is that the brand name should not exceed three syllables, each composed of one vowel and one consonant. Chinese mostly has such simple successions of one consonant and one or two vowel, whereas German and Dutch often have many successive consonants.

→ f.e. *Angstschreeuw*

→ Avoid unique sound patterns

Meaningful names are easier to recall, but there is a denotative (reference) and connotative (emotional) meaning. Denotative meaning, such as Milka chocolate, is directly related to milk. But this is lost in most other languages. Connotative meaning is generally lost when a product crosses borders. The detergent Tide was once sold in France, but nobody had the slightest knowledge of the idea of powerful tidal waves washing clothes.

Written brand names are generally based on the alphabet. People first read books, then decode words and finish with ideas. A 1/3th of the world's consumers use ideographic writing systems. They go directly from pictographs to ideas. In China and Japan, same symbols can have a different pronunciation.

However, even with the Roman alphabet, the use of identical letters may result in **a brand sounding different**, according to linguistic context. The Danone brand of yoghurt is spelled Dannon in the US, because of consistency of pronunciation or consistency of spelling.

→ Danone (France) = Dannon (US)



Overview:

Brand cue	Element of meaning	Branch of linguistics concerned
Sound		
- Assemblage (vowels and consonants)	↪ Pure sound	L I
- Tonality	↪ Denotative meaning	N
	↪ Connotative meaning	G U
Written name		
- Alphabetic letters ↪ sounds	Sounds ↪ words ↪ ideas	I S
- Pictographic writing	Pictograph design ↪ ideas	T
	Pictograph design ↪ symbols	I C
Design		
- Assemblage of words (brands and slogans)	- Descriptive	F
	- Suggestive	I
- Icons (causal and analogous sign)	- Humorous	L
- Symbols (untraceable linkage)	- Claim supportive	T
	- Oneiric	E
	- Ethnic	R

Linguistic devices to create brand names:

The tables below show various linguistic devices that can be used in creating brand names.

Characteristics	Definitions and/or examples
I Phonetic devices	
1. Alliteration	Consonant repetition (Coca-Cola, Cocoon)
2. Assonance	Vowel repetition (Kal Kan, Vizir, Omo)
3. Consonance	Consonant repetition with intervening vowel changes (Weight Watchers, Tic Tac)
4. Masculine rhyme	Rhyme with end of syllable stress (Max Pax)
5. Feminine rhyme	Unaccented syllable (American Airlines)
6. Weak/imperfect/slant rhyme	Vowels differ or consonants differ (Black & Decker)
7. Onomatopoeia	Use of sound to represent itself (Wisk, Clif, Wizard)
8. Clipping	Product names shortened (Jet, Deuche for a Citroen Deux Chevaux, Rabbit for a Volkswagen)
9. Blending	Morphemic combination, usually with elision (Aspergum, Duracell)
10. Initial plosives*	/b/, /c-, /d/, /g-hard/, /k/, /q/, /t/, (Eic, Dash, Pliz, Pim's)
II Orthographic device	
1. Unusual or incorrect spellings	Kool-Aid, Decap'Four
2. Abbreviations	7-Up for Seven-Up
3. Acronyms	Amoco, Amro, DB, Cofinoga, Lu, BSN

Good
"Translinguistic"
properties

Characteristics	Definitions and/or examples
III Morphological device	
1. Affixation	Jell-O, Tipp-Ex
2. Compounding	Janitor-in-a-Drum, Vache-qui-rit
IV Semantic device	
1. Metaphor	Representing something included with metaphorical equality (Aqua Fresh, Lu, Dr. Peppercorn)
2. Metonymy	Application of one object or quality for another (Midas, Ajax, Uncle Ben's, Bounty)
3. Synecdoche	Substitution of a part for the whole (Red Lobster)
4. Personification/pathetic fallacy	Humanizing the non-human (Betty Crocker, Clif, Confection of opposites)
5. Oxymoron	Contradiction of opposites (Fun asparagus)
6. Paronomasia	Pun and wordplay (Pesticide, Féodor - orange juice)
7. Semantic appositionness	Fit of name with object

Poor
"Translinguistic"
Properties

Poor
"Translinguistic"
Properties

International vs. local brands

- ❖ Meaning can be lost when a brand crosses borders. Nestlé is lost in most of world's languages, which causes confusion.
- ❖ Unintended negative meaning. The brand name should not have an unfortunate meaning in different cultural contexts.
- ❖ The loss of a brand source meaning is not a major problem since local consumers reinvest the brand name with new meanings (which may fit with the intended local positioning).

Ideographic vs. alphabet

- ❖
 - Recall
 - West:
 - speaking > writing
 - Auditory branding > visual branding
 - China:
 - writing > speaking
 - Visual branding > Auditory branding
 - Connotations (high context language)
 - Coca-cola: different pronunciation according to dialect
 - Mandarin: 'ke kou ke le'
 - Cantonese: 'Ho hau ho lohk'

Recall is better when Westerners speak the words and Chinese write the words down, suggesting that verbal information is encoded in a visual manner in Chinese and a phonological manner in English.

Similarity, visual branding is more easily integrated in memory for Chinese speakers, while auditory branding is more easily integrated for English speakers.

→ Thus, certain types of translations are likely to work better in different cultural contexts.

- ❖ Strong brand names in China
 - Characters with favorable sounds, tonality
 - Meaning characters = Advertised brand values/benefits
 - Number of strokes = Lucky numbers + Balance between yin and yang.
 - Visual signs = Advertised brand values/benefits
 - Also see book p. 355

Coca Cola does not have the same name in China, because the original name has a negative connotation in China.

- ❖ Pepsi Cola → Hundred happy things
- ❖ Mercedes-Benz → Benchi → Striving forward fast

Brands and distribution:

- ❖ Brand status
 - Strong and positive: US and Japan
 - Weak and negative: Europe
- ❖ Power of distribution channels
 - Europe → US and Japan
 - Emergence of private label brands
- ❖ International brands are local brands
- ❖ International brands: LTO
- ❖ 59% of consumers associate global brands with local culture.
 - Repainting the international brand image with own local images.
- ❖ Determinants: Advertising, monitoring, blending (= local product, international packaging, celebs...)