

International Marketing

Cultural Dynamics in Assessing Global Markets - part 1

Learning objectives

- Understanding the importance of culture to an international marketer.
- Understanding the elements of culture.
- Identifying the dimensions of culture.

The importance of culture to an international marketer

- **Culture is relevant** to the study of marketing, especially international marketing.
- When designing a product, the style, uses, and other related marketing activities **must be made culturally acceptable** if they are to be operative and meaningful.
- Culture is pervasive in **all marketing activities**—in pricing, promotion, channels of distribution, product, packaging, and styling.
- The priority of needs and wants people attempt to satisfy, and the manner in which they satisfy them **are functions of their culture**.

The importance of culture to an international marketer cont'2

- Markets constantly change, markets and market behavior are part of a country's culture.
- Markets are the result of **the three-way interaction** of a marketer's efforts, economic conditions, and all other elements of the culture.
- Marketers are constantly adjusting their efforts to cultural demands of the market
- The best international marketers will not only appreciate the cultural differences pertinent to their businesses, but they will also understand the origins of these differences.

The definition of culture

- **Culture** is the sum of knowledge, beliefs, art, morals, laws, customs, and any other capabilities and habits acquired by humans as members of society.
- **Most traditional definitions** of culture center around the notion that culture is the sum of the values, rituals, symbols, beliefs, and thought processes that are learned and shared by a group of people then transmitted from generation to generation.

More definitions of culture

- **Culture refers** to the attitudes, values, customs, and behavior patterns that characterize a social group.
- **Culture is also** the ways in which a particular group of people lives, including their shared knowledge, values, customs and physical objects.
- **Culture is** learned norms, values, knowledge, artifacts, language and symbols that are constantly communicated among people who share a common way of life.

Culture and Its Characteristics

1. Culture is **prescriptive**. It prescribes the **kinds of behaviour considered acceptable in the society**. The prescriptive characteristics of culture **simplifies** a consumer's decision making process by limiting product choices to those which are socially acceptable.
2. **Culture is socially shared**. Culture must be based on social interaction. It cannot exist by itself. It must be shared by members of a society. People of the same community share the same values, beliefs, and traditions. also their language and mannerisms, and the way they communicate is similar

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3. **Culture facilitates communication.** One useful function provided by culture is to facilitate communication.
 4. Culture is **learned**. Culture is not inherited, it must be learned and acquired. It can be learned indirectly through experience, observation and imitation. It can also be taught by parents/family (generation to generation)
 5. Culture is **subjective**. People in different cultures often have **different ideas about the same object**. What is acceptable in one culture may not necessarily be so in another.

6. Culture is **enduring**. Because culture is shared and passed along from generation to generation, it is relatively stable and somewhat permanent. Old habits are hard to break, and people tend to maintain its own heritage in spite of a continuously changing world.

The elements of culture

- Culture was previously defined by identifying its **main elements** which are:
 1. Values
 2. Rituals
 3. Symbols
 4. Beliefs
 5. Thought processes
- International marketers must design products, distribution systems, and promotional programs with due consideration of each of them.

1. Cultural Values

- Underlying the cultural diversity that exists among countries are fundamental differences in cultural values. The most useful information on how cultural values influence various types of business and market behavior comes from seminal work by Geert Hofstede.
- **Hofstede describes** a study of 66 nations and divides the cultural values of those nations into four primary dimensions:
 1. **The Individualism/Collective** Index (IDV), which focuses on self-orientation.
 2. **The Power Distance Index** (PDI), which focuses on authority orientation.
 3. **The Uncertainty Avoidance Index** (UAI), which focuses on risk orientation.
 4. The **Masculinity/Femininity** Index (MAS), which focuses on assertiveness and achievement.

Individualism vs. Collectivism Index.

- The **individualism/collective index** refers to the preference for behavior that promotes one's self-interest.
- Cultures that score **high in** individualism reflect an “I” mentality and tend to reward and accept individual initiative.
- Whereas cultures that **score low** in individualism reflect a “we” mentality and generally overpower the individual.

Individualism vs. Collectivism Index cont'2

- **Individualism** pertains to societies in which the ties between individuals are loose; everyone is expected to look after him- or herself and his or her immediate family.
- **Collectivism**, as its opposite, pertains to societies in which people from birth onward are **integrated** into strong, cohesive groups, which throughout people's lifetimes continue to protect them in exchange for unquestioning loyalty.

Individualism vs. Collectivism Index cont'3

- **Wealthy countries** have **high individualisms** scores (low collectivism). **Examples**, United States, Canada and Australia
- In contrast, **poorer countries** have **high collectivism** scores (low individualisms). **Examples**, China, Mexico, and a number of South American countries.

Power Distance Index

- **The power distance index** measures the **tolerance of social inequality**, that is, power inequality between superiors and subordinates within a social system.
- Cultures with **high power distance** scores tend to be hierarchical, centralized, and have tall organization structures with members **citing social roles, and inheritance as sources of power and social status**.
- Cultures with **low power distance** scores, in contrast, tend to value equality and **cite knowledge and respect as sources of power**.

Power Distance Index cont'2

- People from cultures **with high power distance scores** are more likely to have a general distrust of others (not those in their groups).
- **High power distance scores** tend to indicate a perception of differences between superior and subordinate and a belief that those who hold power are entitled to privileges.
- A **low power distance score** reflects more democratic views.

Uncertainty Avoidance Index

- The **uncertainty avoidance index** measures the tolerance of uncertainty and ambiguity among members of a society.
- Cultures **with high uncertainty avoidance scores** :
 - They are **highly intolerant of ambiguity** and as a result tend to be distrustful of new ideas or behaviors.
 - They tend to have a **high level of anxiety and stress** and a **concern with security**.
 - They accord a **high level of authority to rules** as a means of avoiding risk.

Uncertainty Avoidance Index cont'2

- Cultures scoring **low in uncertainty avoidance:**
 - They are associated with a **low level of anxiety and stress.**
 - They have **willingness to take risks.**
 - They take **a more empirical approach** to understanding and knowledge.

Uncertainty Avoidance Index cont'3

- **Japan and France** score quite **high** on Hofstede's uncertainty avoidance index and **America scores low**. Therefore, both Japanese and French investors might be expected to be less willing to take the risks of stock market investments.
- Cultures scoring **higher on individualism** and **lower on uncertainty avoidance** tend to be **more innovative**.

Masculinity vs. Femininity

- **Masculinity** is a situation in which the dominant values in society **are success and money.**
- **Femininity** is a situation in which the dominant values in society **are caring for others and the quality of life.**

Masculinity vs. Femininity cont'2

- Countries with a **high masculinity index**, such as the Germanic countries:
 - They place great importance on earnings, recognition and advancement.
 - Individuals are encouraged to be independent decision makers.
 - Achievement is defined in terms of recognition and wealth.
 - The workplace is often characterized by high job stress.

Masculinity vs. Femininity cont'3

- Countries with a **low masculinity index** (high femininity dimension), such as Norway:
 - They tend to **place great importance** on cooperation, a friendly atmosphere, and employment security.
 - Individuals are **encouraged** to be group decision makers.
 - The workplace tends to be characterized by **low stress**.

Books

- **International Marketing 15th Edition.** by Philip Cateora , Mary Gilly, John Graham.
- **International marketing : analysis and strategy /** by Sak Onkvisit and John J. Shaw. – 4th ed.