



Marketing across Cultures

Session 2



Agenda

- What is Culture?
- Cultural Dimensions: Hofstede's and Schwartz's Values.
- Marketing Implications: "How does culture affect consumers?"
 - Influence on demand
 - Influence on the product meaning, quality signal, generics vs. brands
 - Influence on the marketing mix
 - Influence on the management

What is Culture?

- Cultural differences

<http://www.youtube.com/watch?v=LZVzMQGc6cY>

What is Culture?

- Underlying **value framework** that is shared by (most) people in a social group
- It binds groups together
- Culture includes **common affective reactions, codes of manners, dress, language, religion, rituals, norms of behavior** (repertoire of behavioral skills) such as law and morality, and **systems of beliefs** (cognitions).
- *Learned* behavior
- Cross-cultural differences do not always coincide with national **borders** (within-country differences, e.g. Belgium, or cross-national similarities, e.g. southern Austria – northern Italy)
- Affects **execution** of strategies more than their **formulation**
- <http://www.youtube.com/user/EdResults#p/u/6/JNZjbdF16Mw>

Manifestations of Culture (Hofstede)

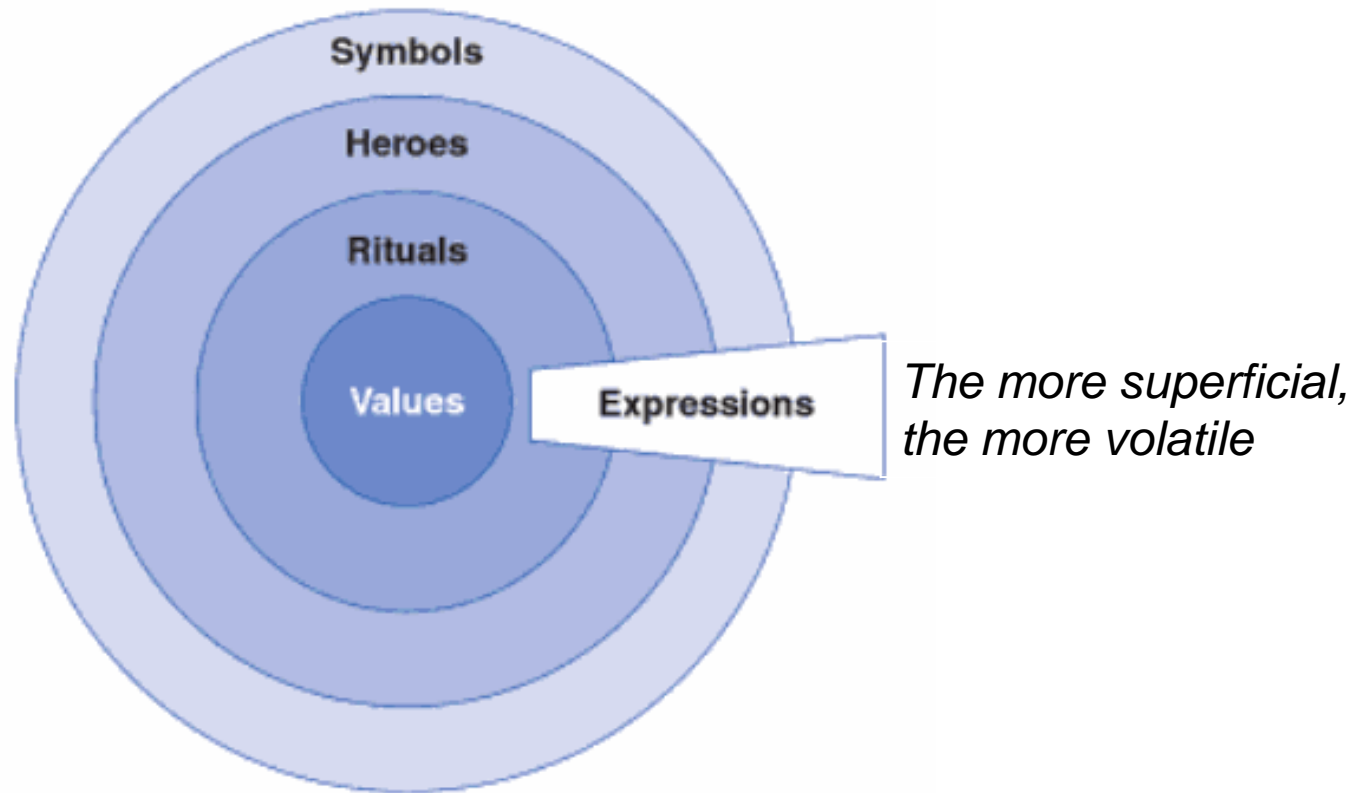


Figure 3.2 Culture as an Onion

SOURCE: Hofstede and Hofstede (2005).

Symbols

- Words, gestures, pictures, or objects that carry a particular meaning recognized only by those who share a culture
- Flags, status symbols (golf), brands (BMW), jargon (4p's)
- Symbols are quickly replaced by others (superficial layer)
- E.g. Google representation by Chinese vs. Dutch

Heroes

- Persons, alive or dead, real or imaginary, who possess characteristics that are highly prized in a society and thus serve as role models for behavior
- Hello Kitty in Japan, Asterix in France
- Role of (global) endorsers

“Some of Woods' core endorsers including Accenture, Gillette and Gatorade have said they will review their association with the golfer”



Rituals

- Collective activities considered socially essential within a culture.
- Greeting, ways of paying respect to others, social and religious ceremonies, ...
- Can be created by marketing, and made global

E.g. Corona with lime

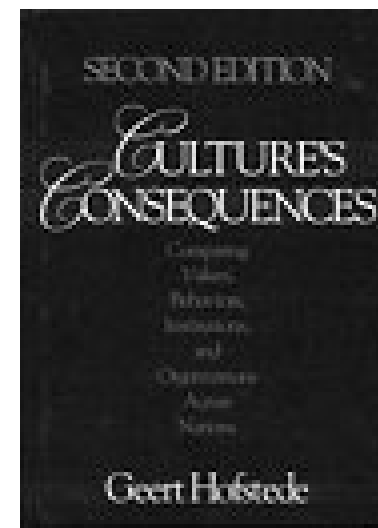


Values (Rokeach)

- Enduring belief that one mode of conduct or end-state of existence is preferable to an opposite mode of conduct or end-state of existence
- Value system
 - Learned organization of principles and rules to help one choose between alternatives, resolve conflicts and make decisions
 - E.g. Be clean, soap consumption in Belgium vs. The Netherlands
 - E.g. Be healthy, antibiotic consumption in Spain vs. Sweden
- Values are prioritized
 - Harmony in East Asia vs. Individual happiness in the U.S.
- Values are taught during childhood (before 10 years old)
- Values are enduring, manifestation changes

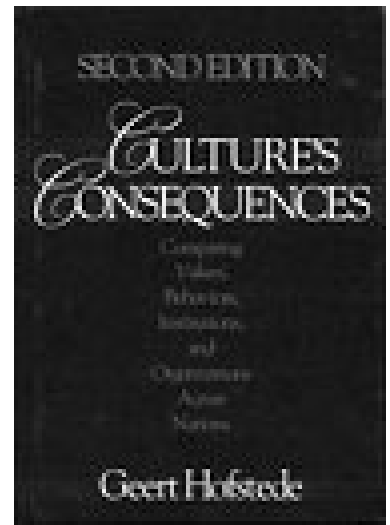
Hofstede's Cultural Dimensions

- Based on a large research project into national culture differences across subsidiaries of a multinational corporation (IBM) in 64 countries.
- Subsequent studies by others covered
 - students in 23 countries,
 - elites in 19 countries,
 - commercial airline pilots in 23 countries,
 - up-market consumers in 15 countries, and
 - civil service managers in 14 countries.



Hofstede's Cultural Dimensions

- 5 independent dimensions of *national* culture:
 - Power Distance
 - Individualism
 - Uncertainty Avoidance
 - Masculinity
 - Long-Term Orientation



Power Distance

- The degree to which the *less powerful* members of society *expect* there to be *differences* in the levels of power.
- HIGH SCORE:
 - There is an expectation that some individuals have larger power than others (e.g. caste system) and in which upward mobility is very limited. Countries with high power distance rating are often characterized by a high rate of political violence.
 - E.g. Latin American, Japan and Arab nations.
- LOW SCORE:
 - All people should have *equal rights*. Equality is seen as the collective aim of society and upward mobility is common.
 - E.g. Scandinavian and Germanic speaking countries.



Dutch Classroom

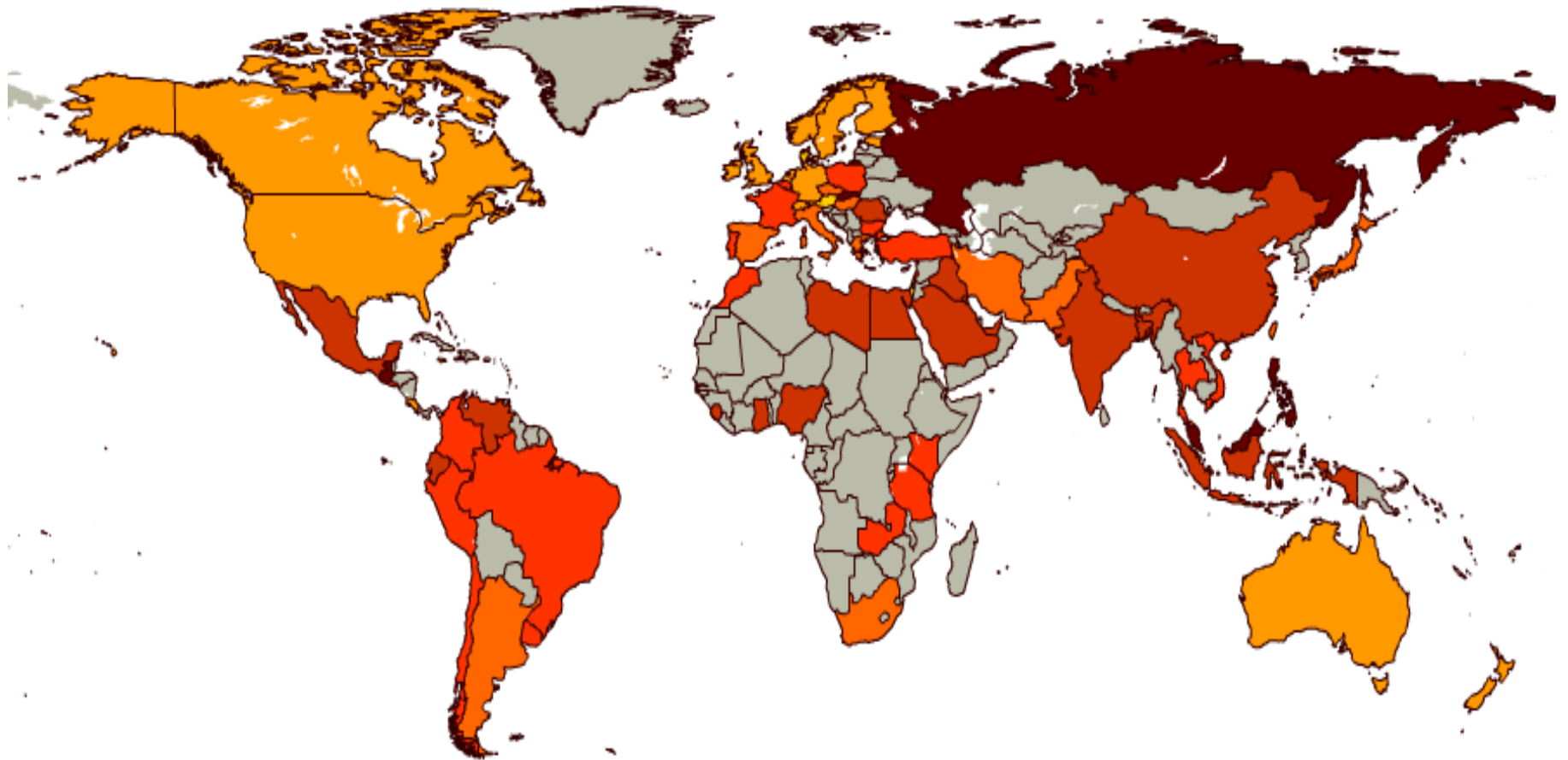
Japanese Classroom



Power Distance

- Types of items surveyed:
 - Non-managerial employees' perception that employees are afraid to disagree with their managers
 - Subordinates' perception that their boss tends to take decisions in an autocratic or persuasive way
 - Subordinates' preference for anything but a consultative style of decision making in their boss

Power Distance



High Power Distance in Asia

- Hierarchy rituals

- Greeting, business card



- Prelevance of status symbols

- E.g. Global and luxury brands
 - E.g. Camera on tour
 - <http://www.veryfunnyads.com/?oid=26039> (BMW Dessous)

Manifestation of Power Distance

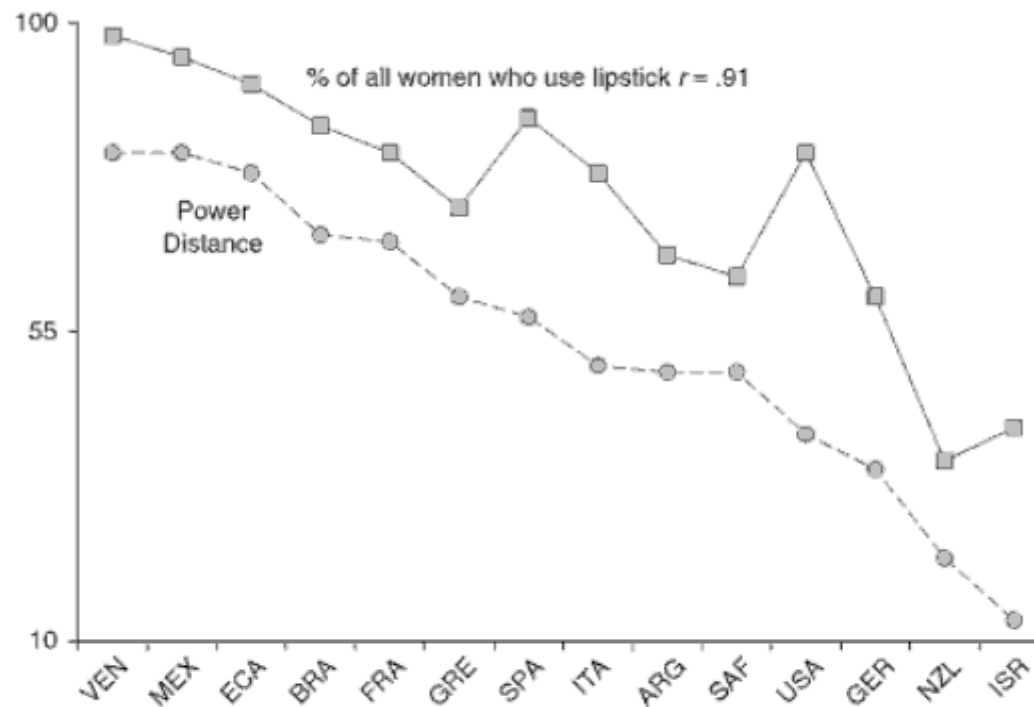


Figure 4.1 Women Using Lipstick and Power Distance

SOURCE: Data from Hofstede (2001) (see Appendix A); TGI Global Surveys (2003–2004) (www.tgisurveys.com).

Power Distance

- Correlation between power distance and
 - Income inequality: +
 - Income per capita: -
 - Wealth (GDP): -
 - Latitude: -
 - Population size: +
- Brand positioning?
 - Global brands
 - Luxury products
 - “Number one” brands, market leaders,
 - First-movers

Individualism vs. Collectivism

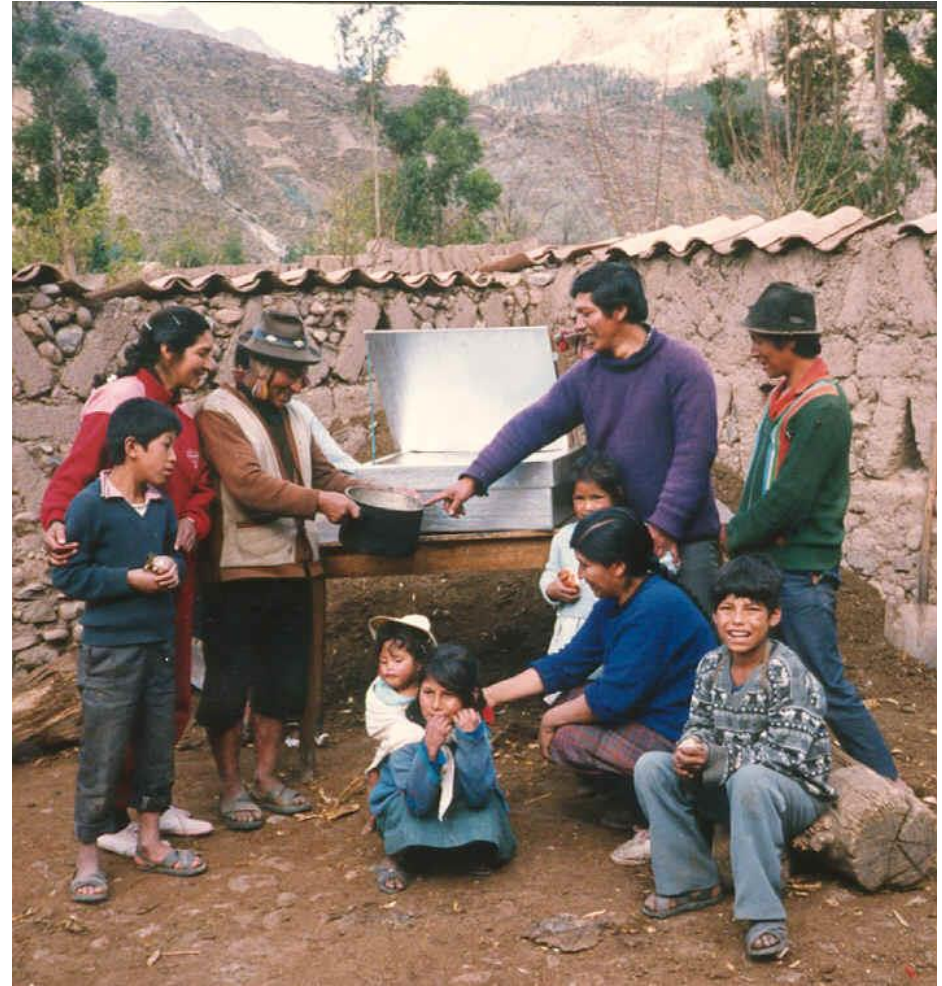
■ INDIVIDUALISM: SELF - other

- The extent to which people are expected to stand up for themselves. Individuals in these societies tend to form **relationships with larger numbers of people**, but with the relationships being **weak**.
- E.g. USA.

■ COLLECTIVISM: self - OTHER

- The extent to which people act predominantly as a **member of the group** or organization. In such countries the ties between individuals are very **strong** and the **family** is given much more weight.
- E.g. Latin American cultures, China.

Western
single-parent family

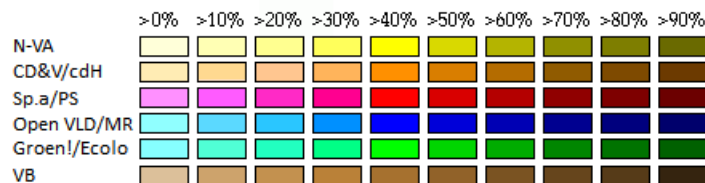
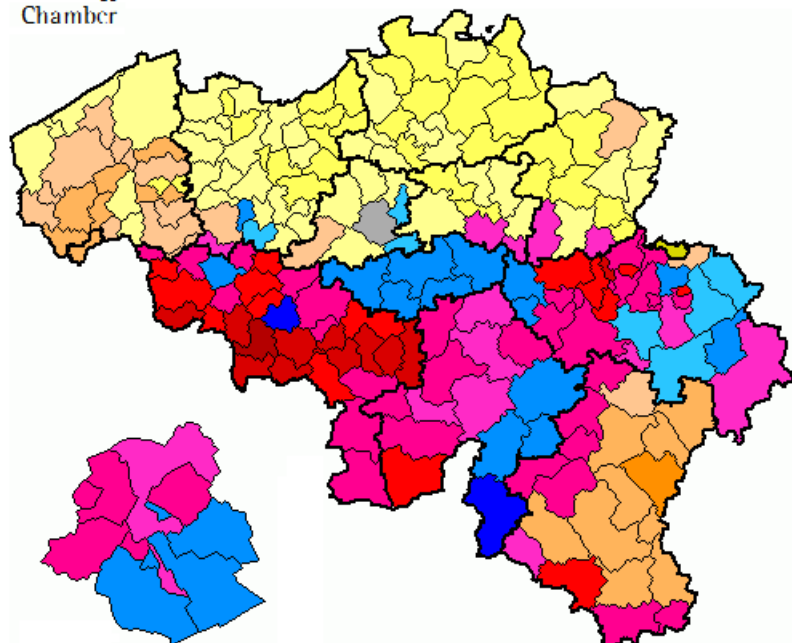


Peruvian family

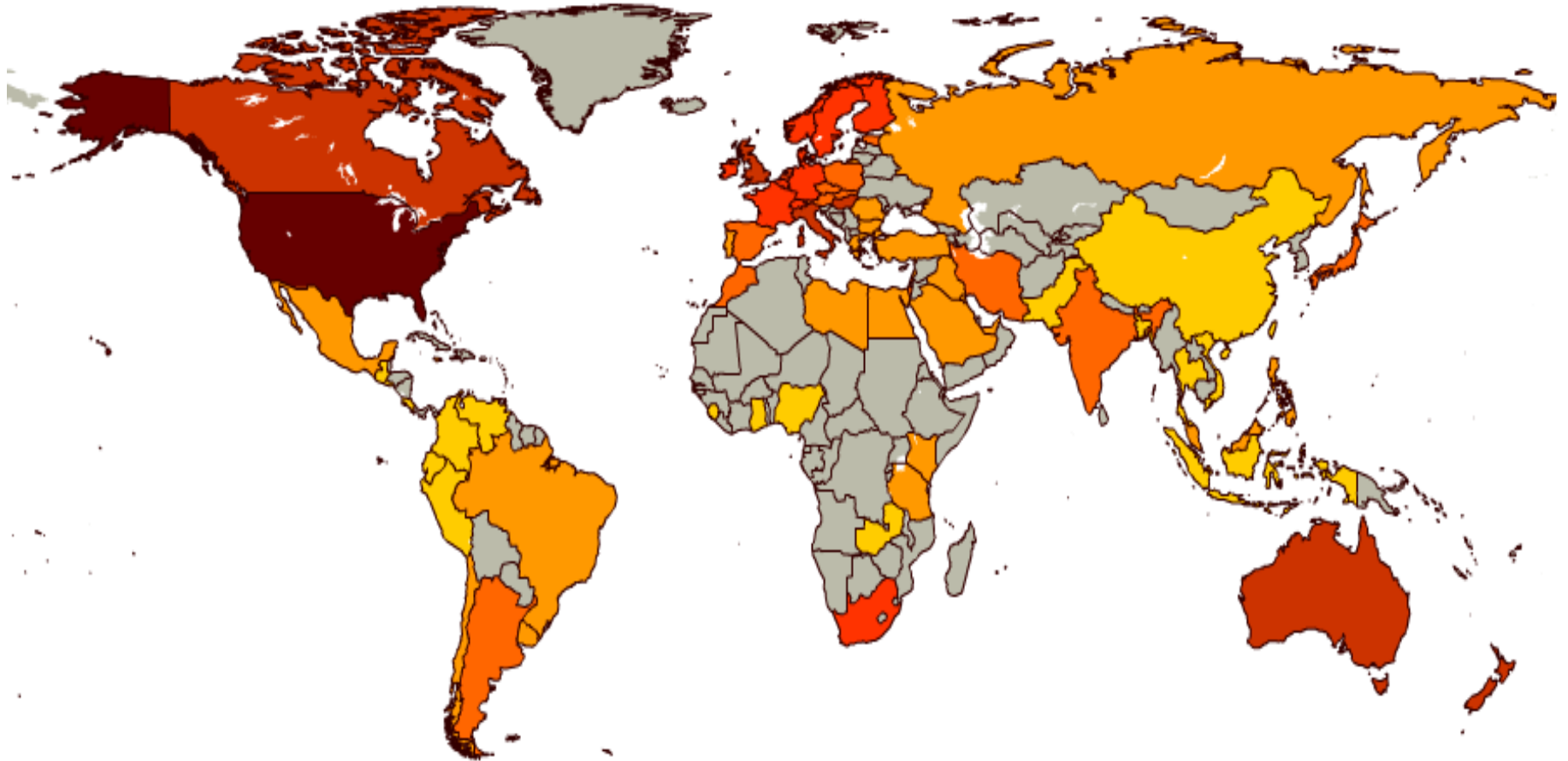
Socialism vs. Separatism

Belgium 2010

Chamber



Individualism (vs. Collectivism)



Individualism

US - Western Europe

- Individual benefits
- Personal success
- Concern for privacy
- <http://www.veryfunnyads.com/?oid=25116> (zazoo)

Collectivism

Asian countries

- Ads focus on in-group benefits
- <http://www.veryfunnyads.com/?oid=25154> (cheer beer)

Individualism

- Correlation between individualism and:
 - Economic wealth: +
 - Latitude: +
 - Population growth: +
 - Development of the middle class: +
 - Modern industries: +
 - Children per household: -
 - Bar, restaurants, Internet Cafes: -
- Product consumption:
 - Detached houses (vs. apartments): +
 - Dogs and cats: +
 - (Life) insurance: +
 - DIY: +
 - Books: +
 - Computers: +
 - Fast Food: +
 - Media use (vs. WOM) : +
 - Brand Loyalty: - (harmony)

Effect of Individualism

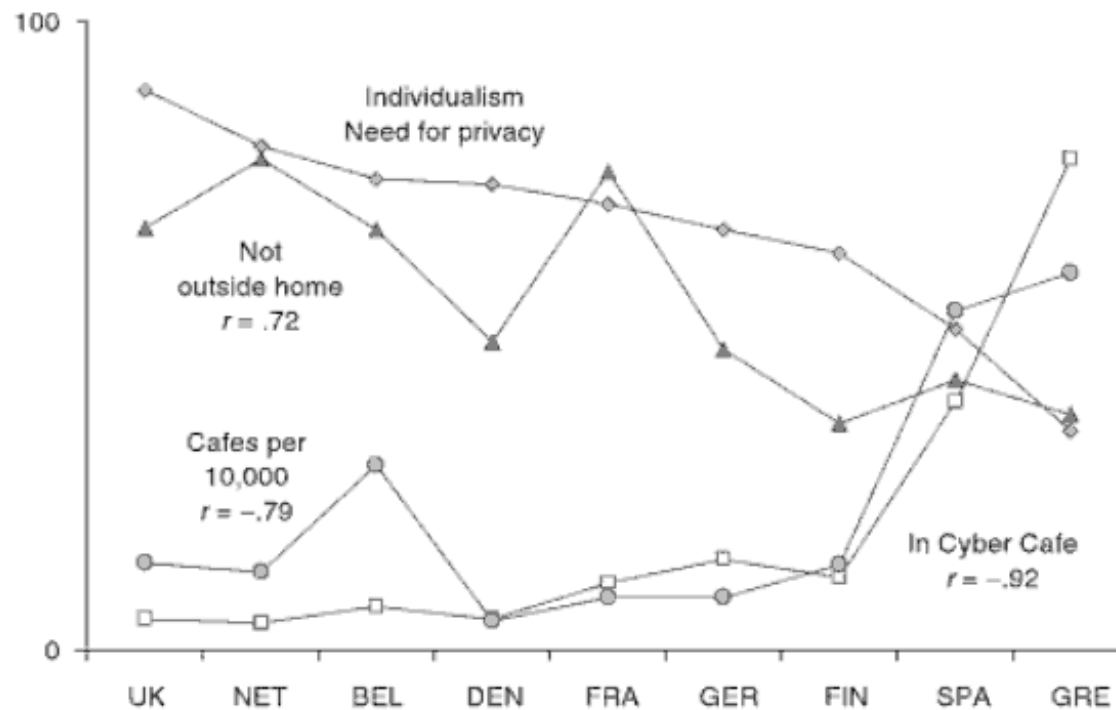


Figure 4.2 Internet Access Inside or Outside Home, Europe⁴²

SOURCE: Data from Hofstede (2001) (see Appendix A); Eurostat (2001) (see Appendix B); Hotrec data on numbers of cafés per 10,000 people (1997) (www.hotrec.com).

Uncertainty Avoidance

- The extent to which a society attempts to **cope with anxiety by minimizing uncertainty and ambiguity** (more than risk). This dimension concerns the level of acceptance for uncertainty and ambiguity within a society.
- **HIGH SCORE:**
 - Low tolerance towards uncertainty and ambiguity. As a result, such societies are usually **rule-orientated** and follow well defined and established **laws, regulations and controls** (e.g. about religion and food). Employees tend to remain longer with their present employer.
 - E.g. Belgium, Greece, Japan, Poland, Portugal, Russia.
- **LOW SCORE:**
 - Less concern towards uncertainty and ambiguity and high tolerance towards **variety and experimentation**. Such societies are less rule-orientated, readily accept change and are willing to take risks.
 - E.g. U.K., Sweden.

Influenza in Japan



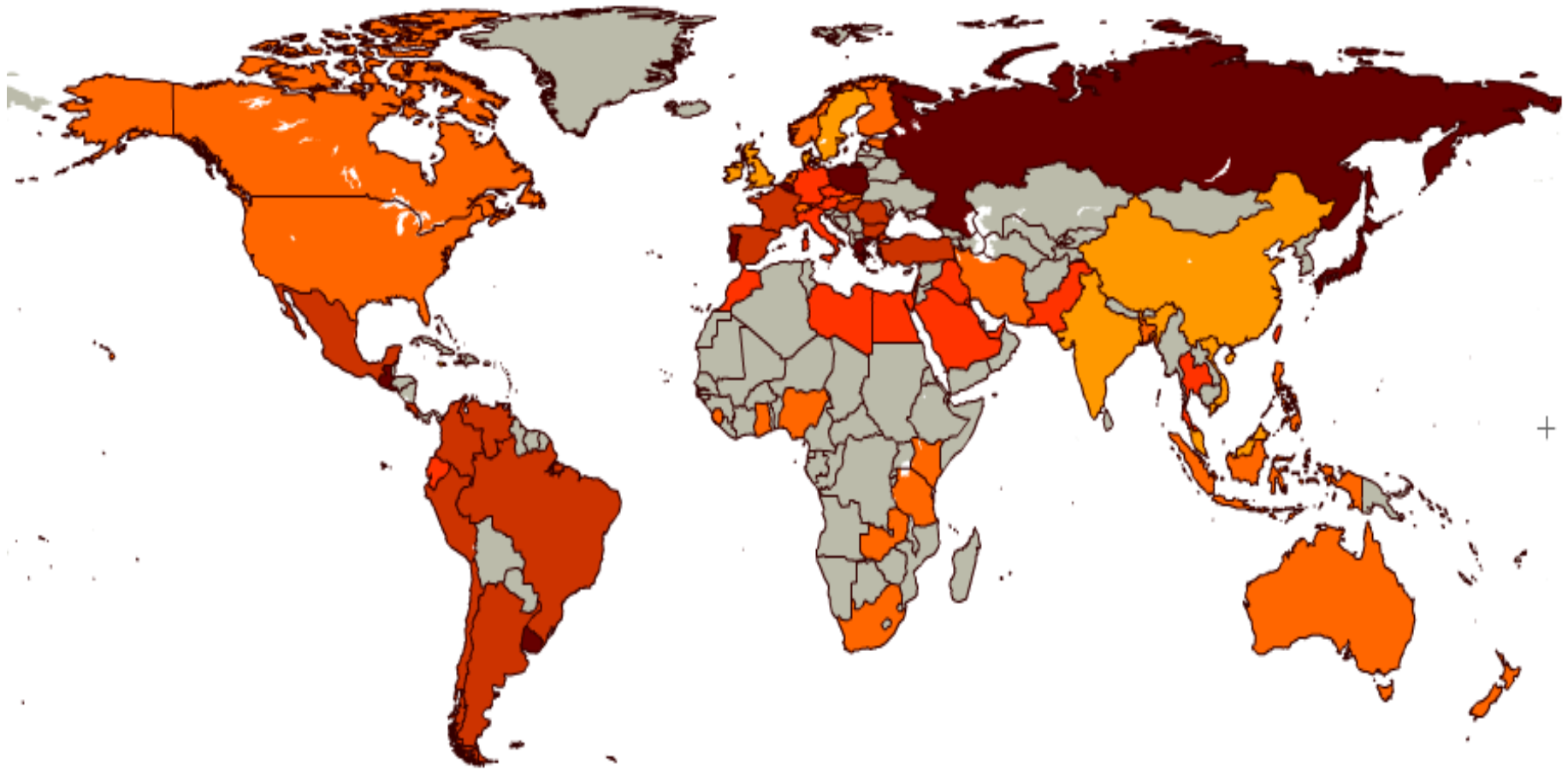
MA A02

Uncertainty Avoidance

■ Items include

- ☐ Company rules should not be broken
- ☐ Employees' intention to continue with the company
- ☐ How often do you feel nervous or tense at work?

Uncertainty Avoidance



Uncertainty Avoidance

■ Correlation between uncertainty avoidance and

- ☐ Subjective well-being: -
- ☐ Stress: +
- ☐ Conservatism: +
- ☐ Xenophobia: +
- ☐ Tap water consumption: -
- ☐ Washing power: +
- ☐ Used Cars, second-hand market: -
- ☐ Insurances: +
- ☐ New media adoption: -
- ☐ Stock investment: -
- ☐ Pharmaceutical drug consumption: +
- ☐ Low quality product segment: -

Effect of Uncertainty Avoidance

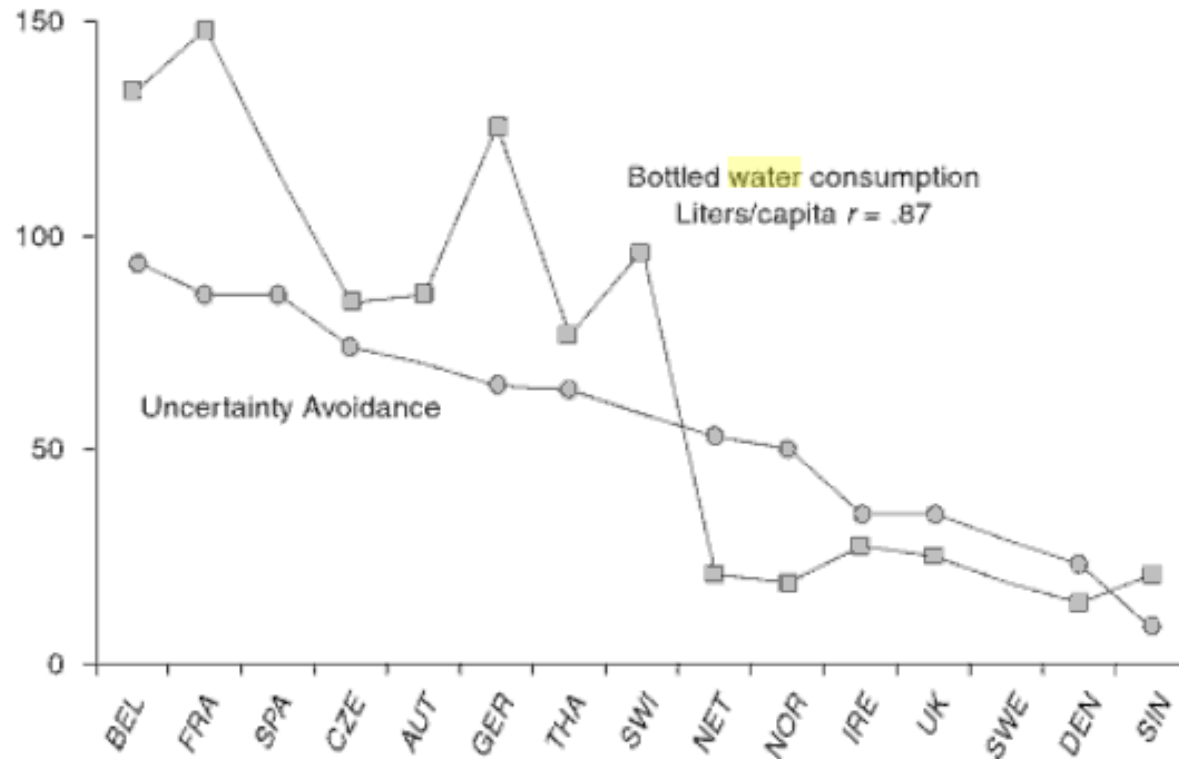


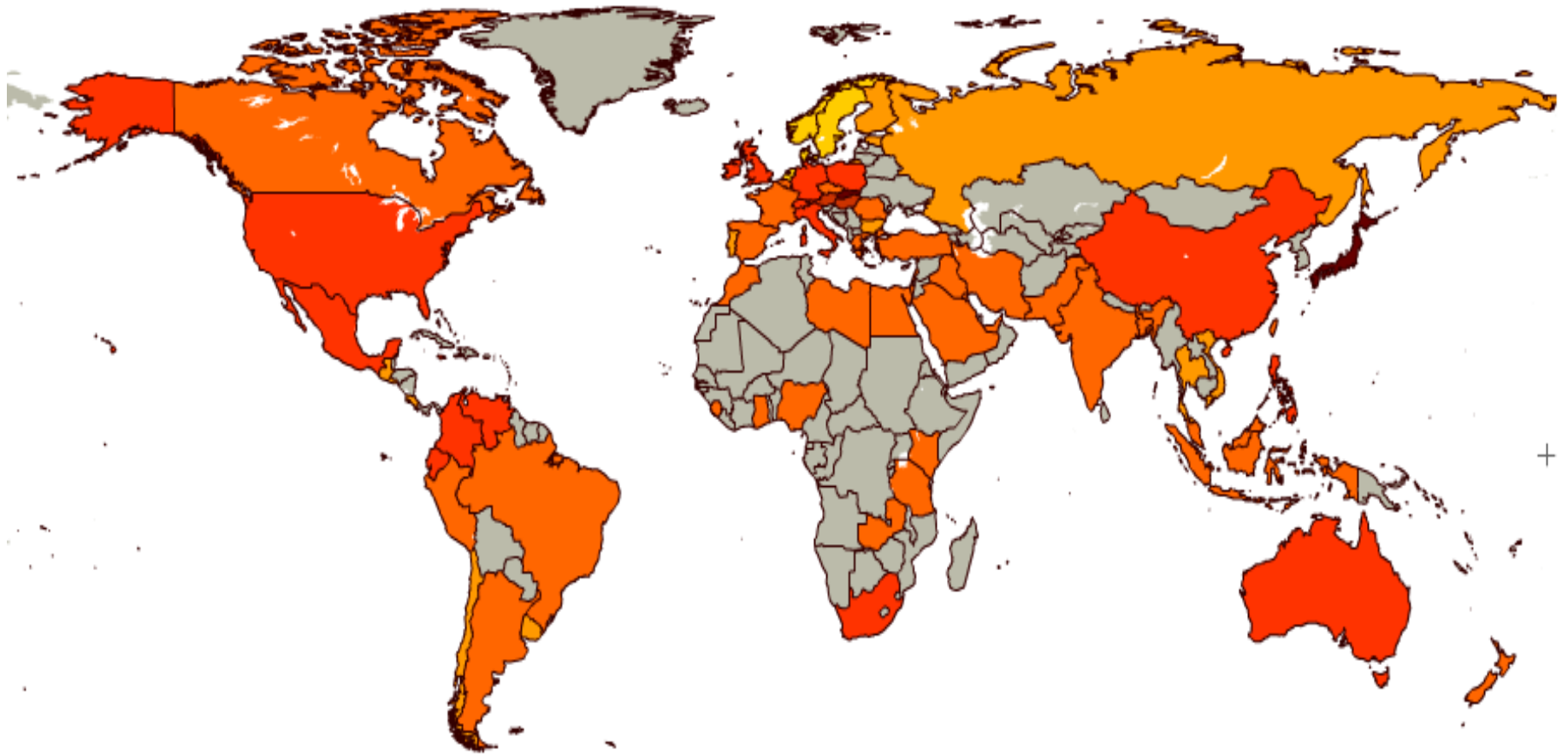
Figure 4.4 Bottled Water Consumption

SOURCE: Data from Hofstede (2001) (see Appendix A); Beverage Marketing Corporation. (www.beveragemarketing.com) (2003).

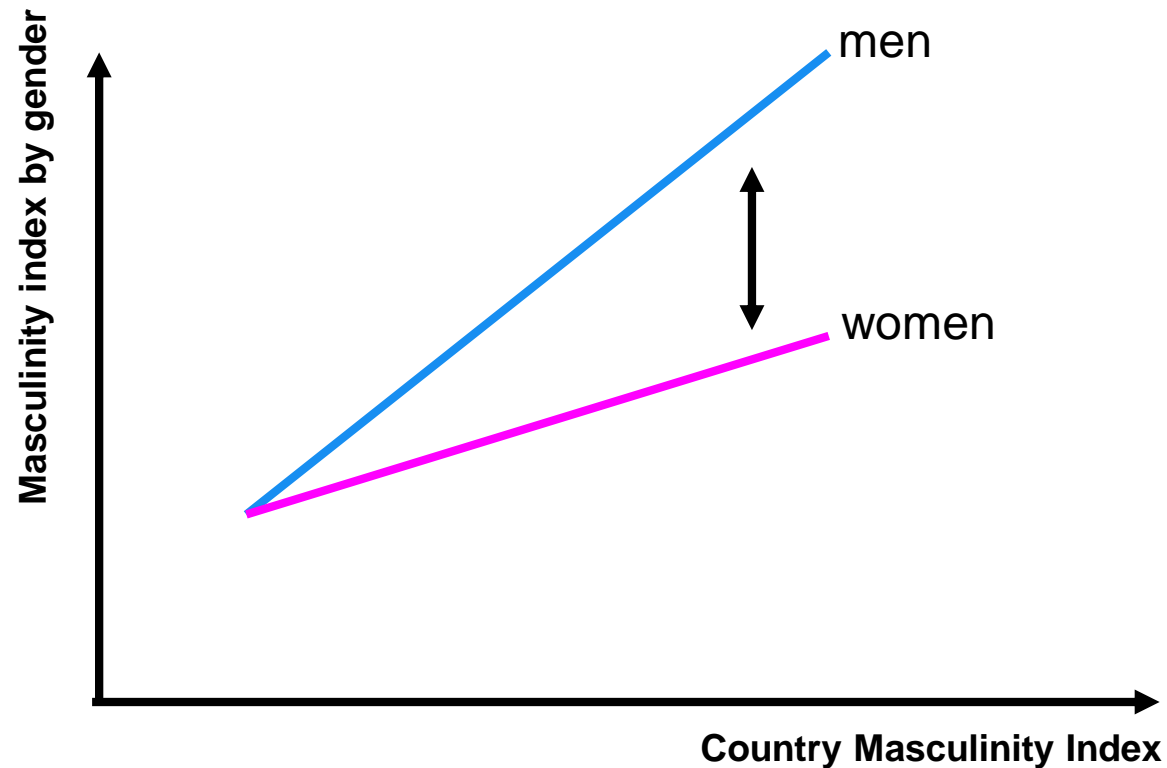
Masculinity vs. Femininity

- Refers to the value placed on traditionally male or female values.
- MASCULINITY:
 - People value competitiveness, assertiveness, ambition, and the accumulation of wealth and material possessions.
 - E.g. Japan, US & UK (moderate).
- FEMINITY:
 - People value relationships, friendly atmosphere, security (of employment) and quality of life and are more nurturing.
 - E.g. Sweden, Norway

Masculinity (vs. Femininity)



Masculinity vs. Femininity



Effect of Feminine Culture



Masculinity

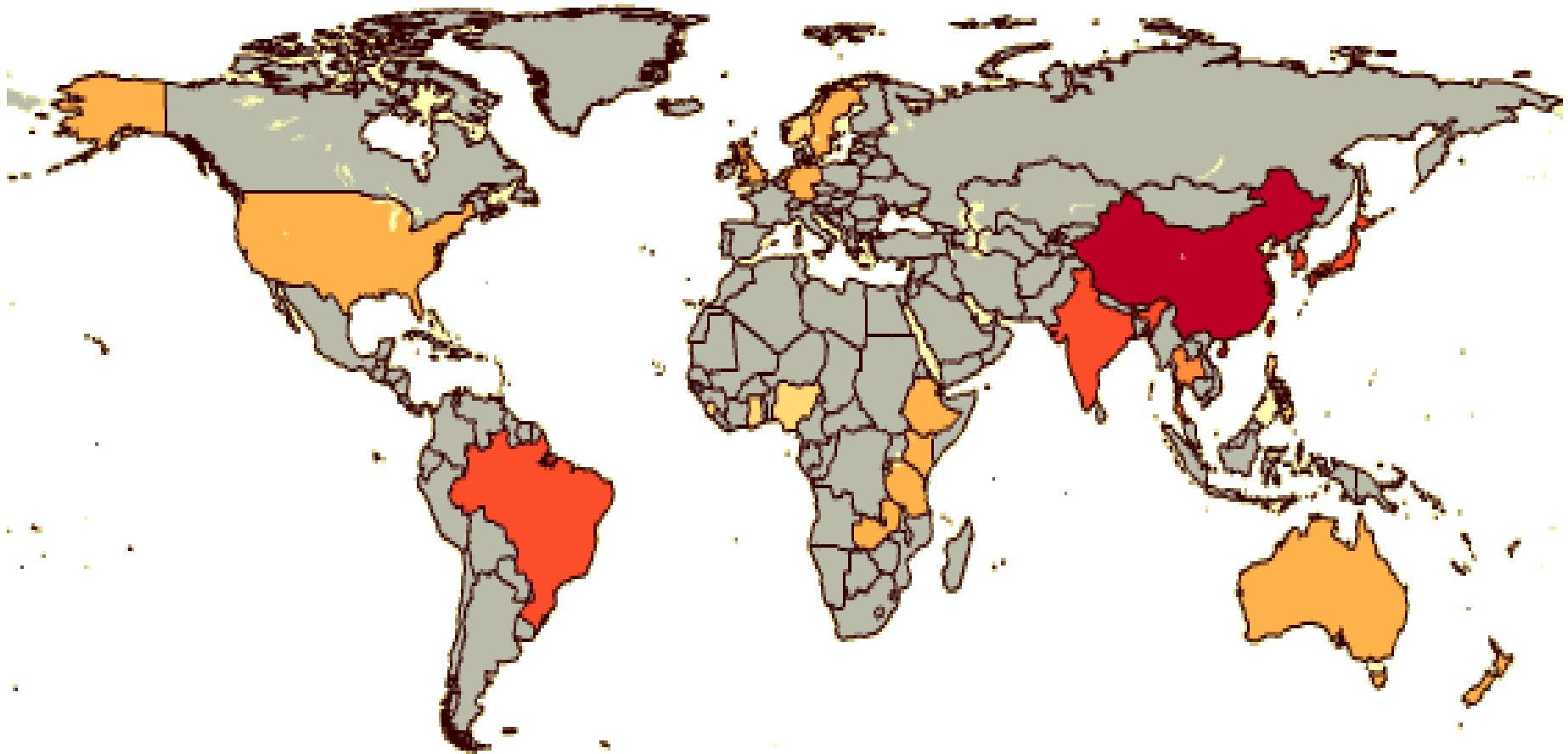
■ Correlation with:

- ☐ Shared purchase decisions: -
- ☐ Home-made products: -
- ☐ Status purchases (jewelry): +
- ☐ Car engine power: +
- ☐ Trust in advertising: +

Long vs. Short-Term Orientation

- Describes a society's “time horizon,” or the importance attached to the future versus the past and present.
- LONG-TERM ORIENTATION:
 - Thrift, perseverance, sense of shame, status importance are valued more.
 - E.g. Eastern nations, China.
- SHORT-TERM ORIENTATION:
 - Short-term gratifications are valued more and rapid solutions to solve existing issues are preferred.
 - E.g. Western nations, less developed nations.

Long (vs. Short)-Term Orientation



Long-term vs. Short-term Orientation

- Correlation of long-term orientation with:
 - Economic growth: +

Limitations of Hofstede's Values

- Country averages vs. individuals' scores.
 - Existence of subcultures
 - Underlying forces → guide
- Data accuracy
 - Questionnaires
 - Several bias (e.g. conformity to the group in collective cultures)
- Timeliness of the data
 - Dynamics due to internal and external influences
 - By nature, quite stable over time.

More information and data at www.geerthofstede.com

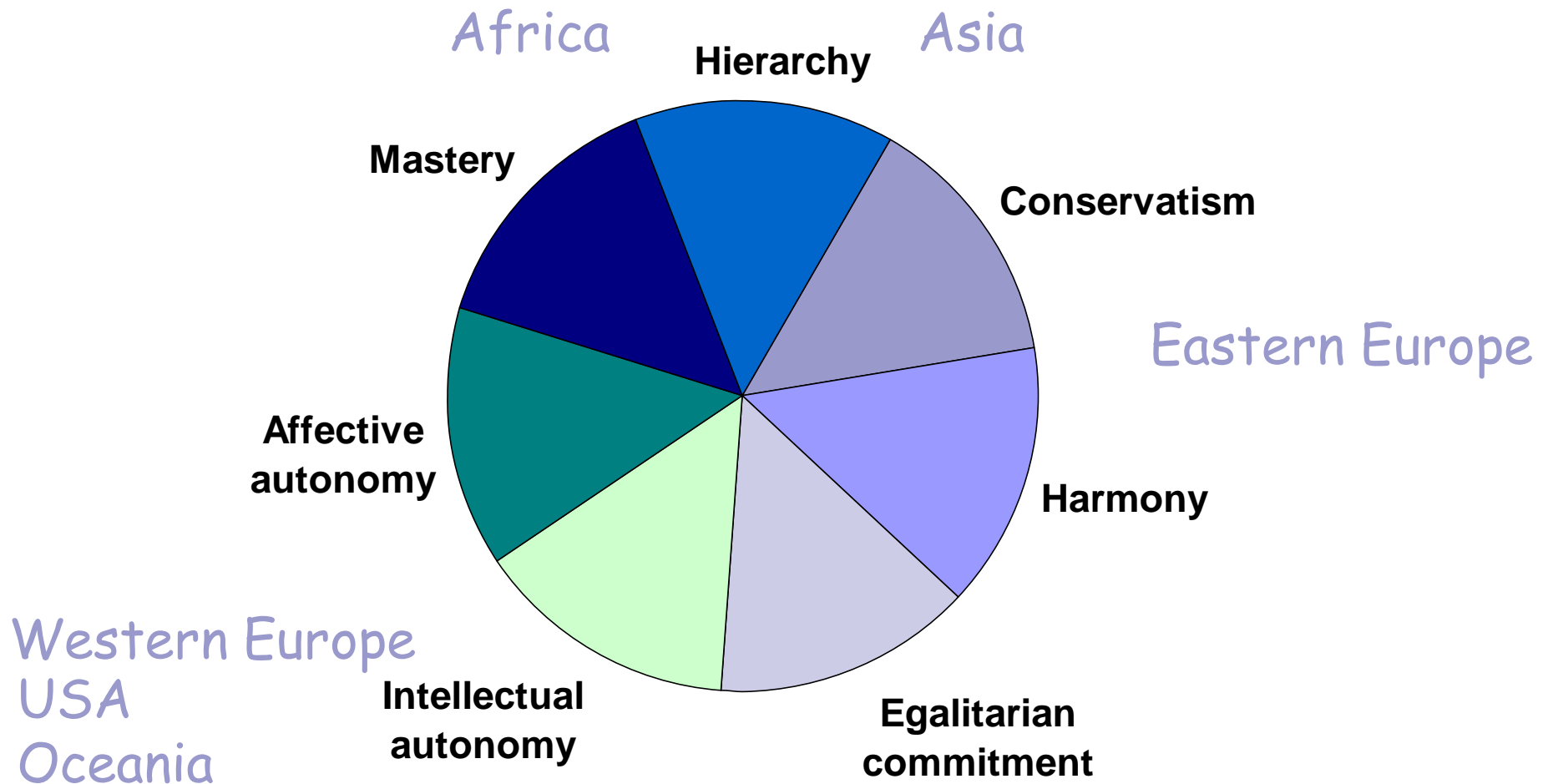
Schwartz's Human Values

- Based on 38 samples of school teachers
- Seven types of values:
 - **Conservatism:**
 - Maintenance of the status quo, propriety and avoidance of actions
 - Value security, conformity and tradition
 - **Intellectual and affective autonomy:**
 - Individuals are viewed as autonomous, entitled to pursue their own interests
 - Value enjoying life, curiosity and creativity
 - **Hierarchy:**
 - Importance of power, wealth and authority and respect facing people with these characteristics
 - **Mastery:**
 - Active mastery of the social environment through self-assertion
 - Value ambition and success
 - **Egalitarian commitment:**
 - Voluntary promotion of others' welfare, social justice, equality and freedom
 - **Harmony:**
 - Harmony with (by opposition to domination of) the nature and protection of the environment

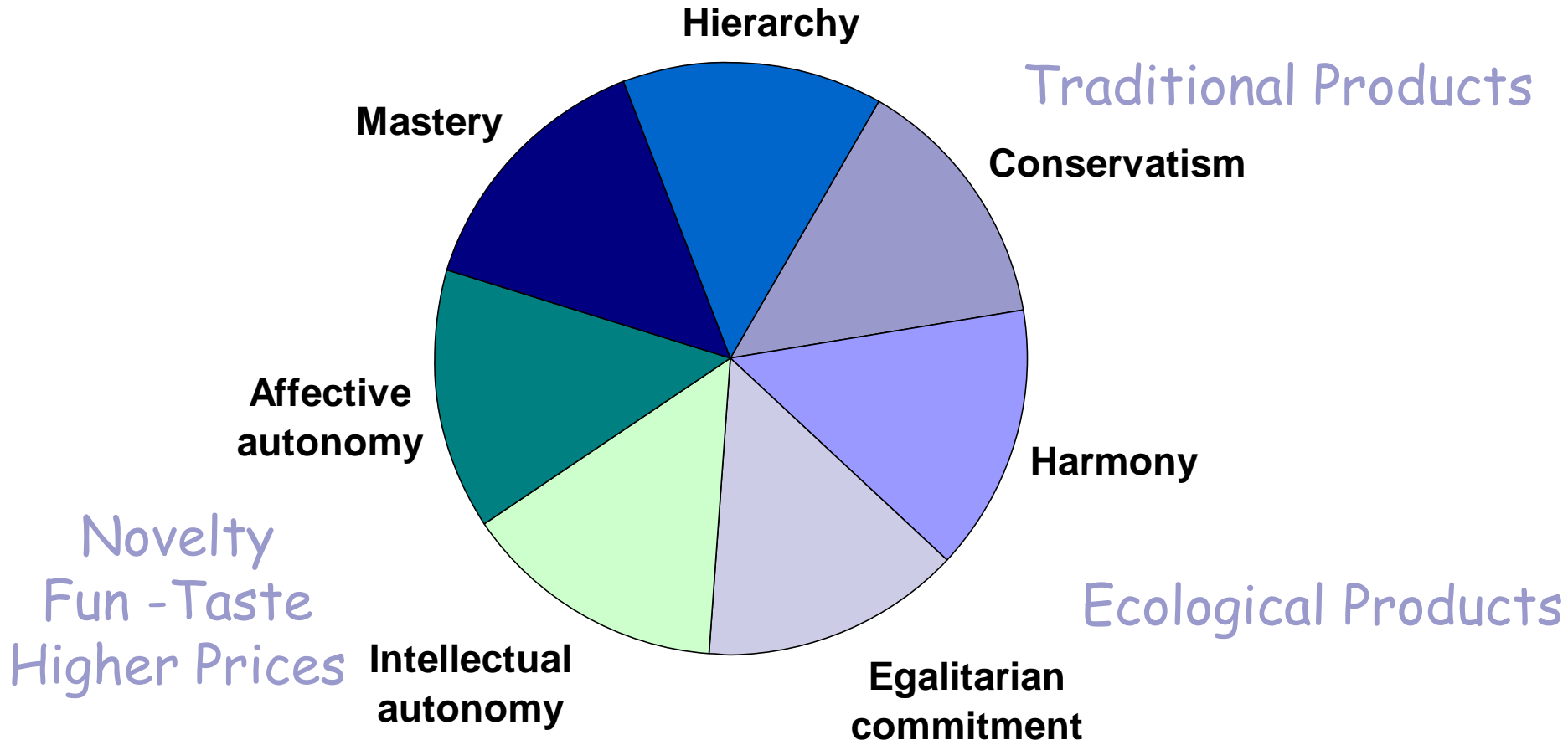
Link Hofstede – Schwartz Values

	Cons.	Hier.	Mast.	Aff. Aut.	Int. Aut.	Egal. Com.	Harm.
IDV	-	-		+	+	+	
MAS			+				
UAI	-						+
PDI		+	+	-			

Schwartz's Human Values (II)



Schwartz's Human Values (III)



High and Low-Context Cultures

■ High-context culture

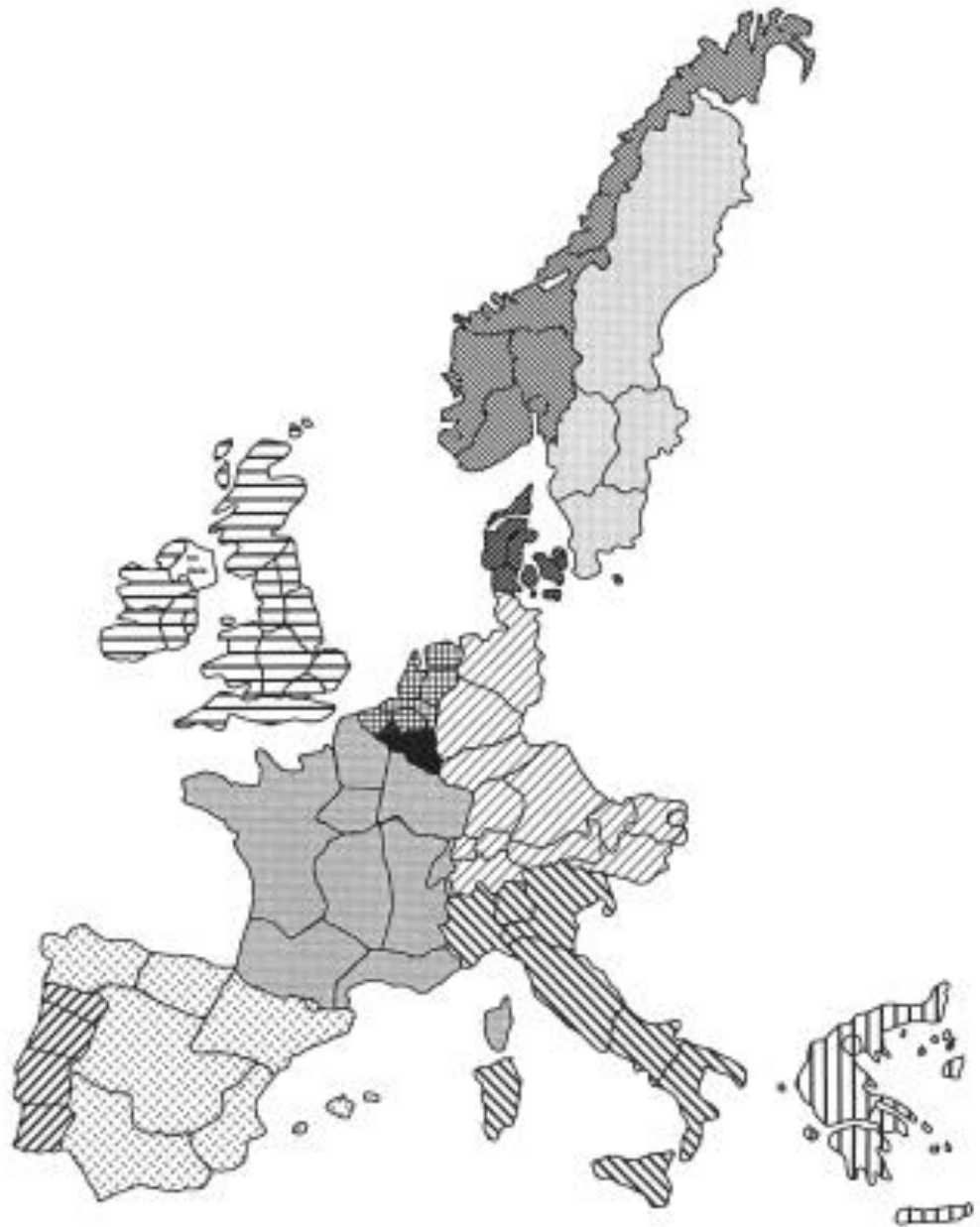
- Meaning of behavior depends on the situation
- A lot is suggested
- Importance of nonverbal elements, behavioral codes
- Requires homogeneity in the society, one religion, one language, ...
- E.g. Chile, Mexico, Japan
 - ➔ Higher entry barriers and transfer/learning costs.

■ Low-context culture:

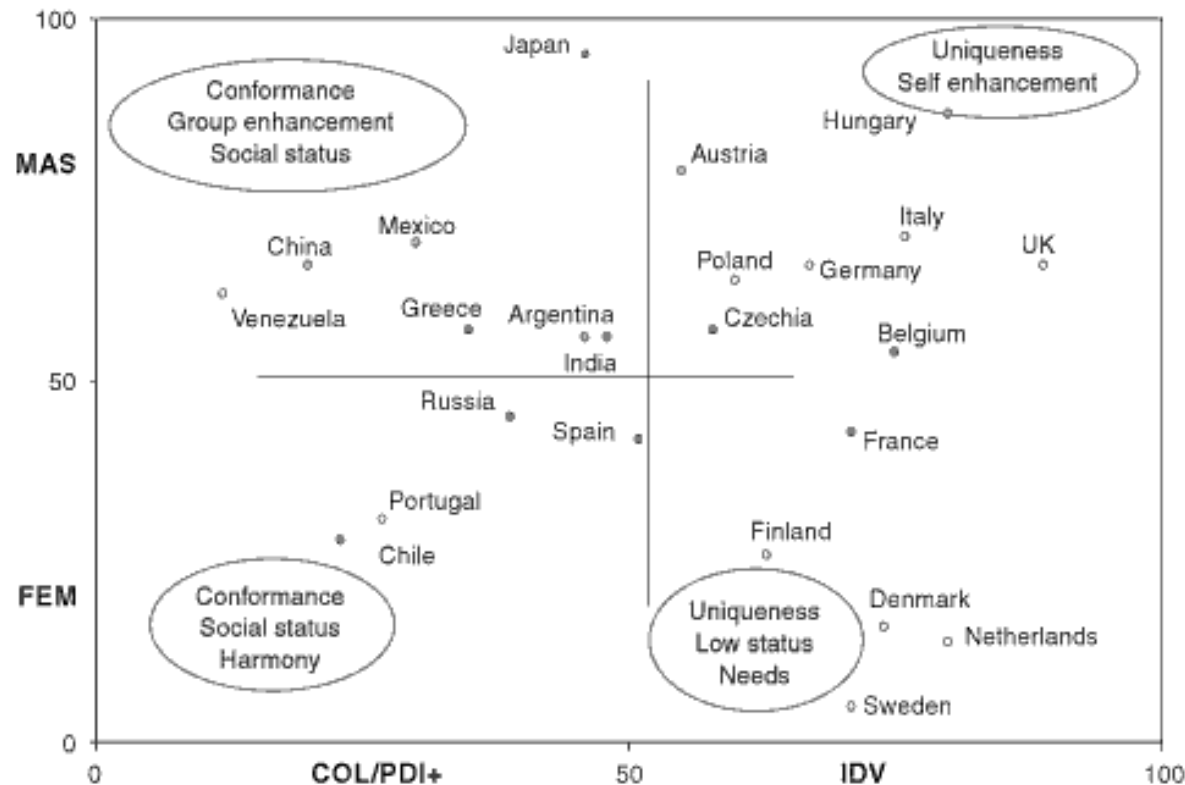
- Intentions are stated verbally when possible
- Direct messages, a lot of information is explicitly given
- Unique interpretation of behaviors
- Multicultural countries
- E.g. US, India, China, Russia, Australia, Germany, Scandinavia
 - ➔ Lower entry barriers, easy learning.

Food Demand

- Example: Food Culture
(Askegaard and Madsen, 1998)
 - Consumer behavior regarding food in 79 European regions
 - 12 clusters
 - 7 nations
 - 5 transnational regions
- Positive link between uncertainty avoidance and purity and simplicity in beverage and food.
 - E.g. high uncertainty avoidant nations prefer mineral water, fresh fruits, sugar over ice creams, frozen food, cereals, snacks, tea, milk...

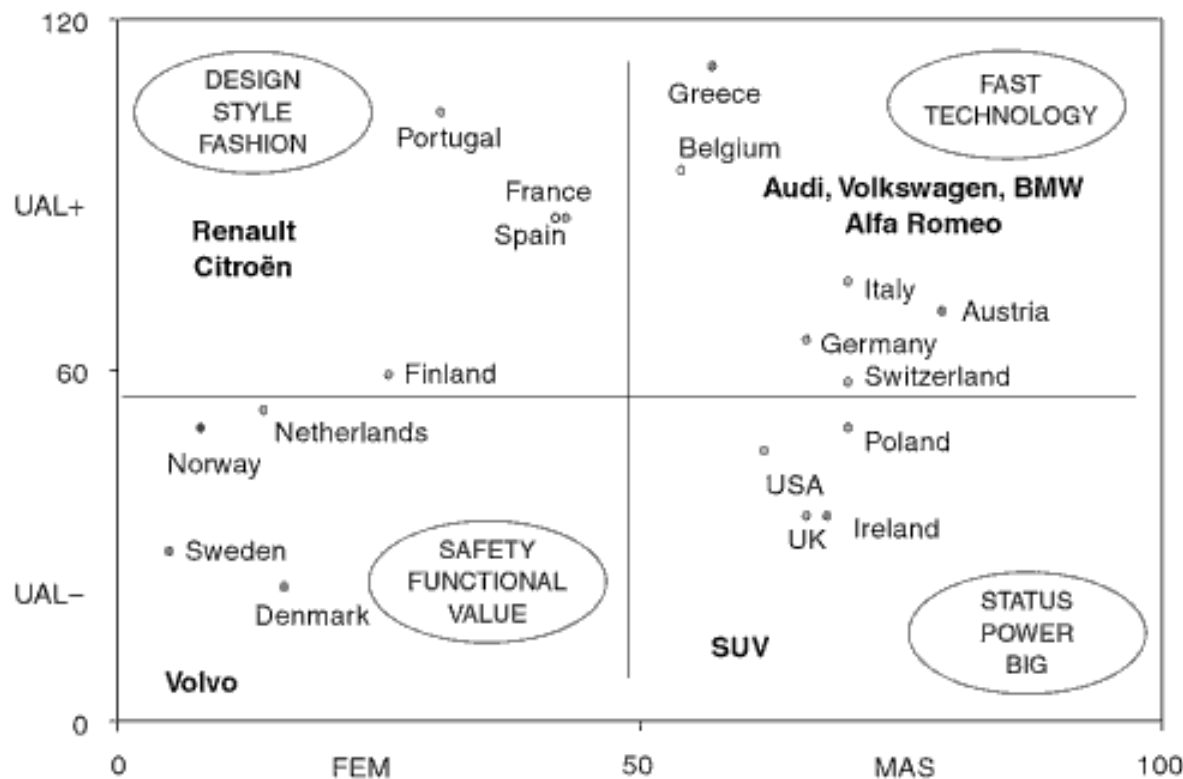


Motives for Buying Luxury Goods



Hofstede (2001)

Motives for Buying Cars



Hofstede (2001)

Pharmaceutical Drug Consumption

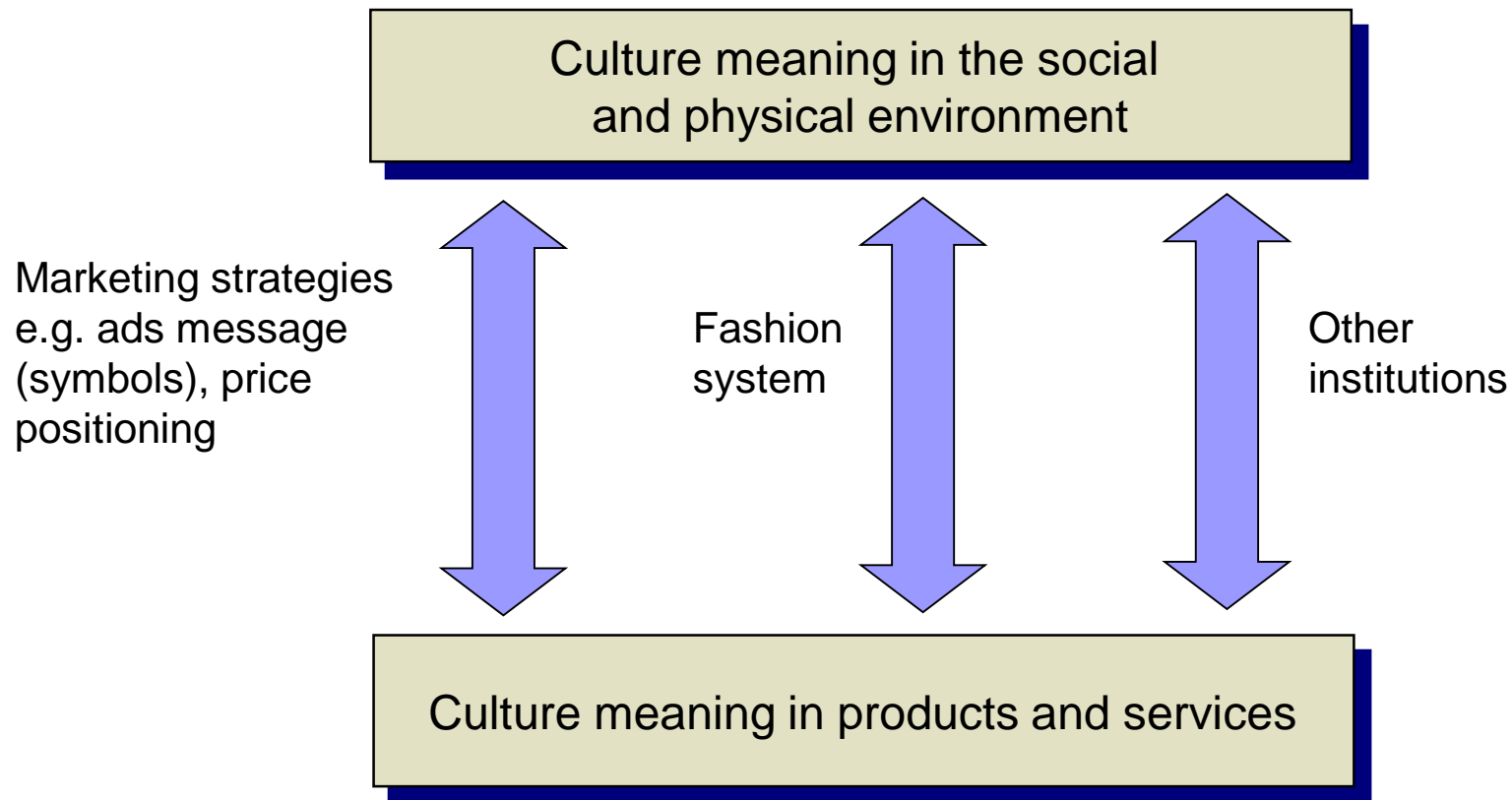
- **Uncertainty Avoidance**
 - Low subjective health
- **Individualism**
 - Individual well-being
 - Seek doctor consultation
- **Masculinity**
 - Be strong!
- **Long-term Orientation**
 - Do sport and eat healthy!

Stremersch and Lemmens (2009)

New Product Acceptance (Steenkamp et al. 1999)

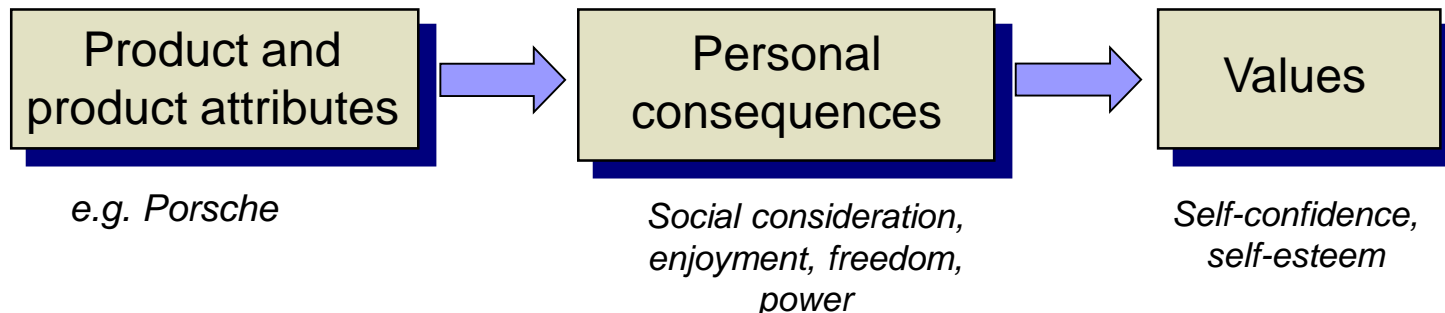
- Consumer innovativeness (Rogers 1983)
 - Degree to which a person is relatively earlier in adopting an innovation than other members of his or her social system
 - Predisposition to buy new and different products and brands rather than remain with previous choices and consumption patterns
- Individualism
 - Innovative and different behavior vs. social conformity
 - Timing issue
 - Marketing recommendation for collectivist countries?
- Uncertainty avoidance
 - Perceived risk of new products and ambiguity on performance
 - Marketing recommendation for uncertainty avoidance countries?
- Masculinity
 - Show wealth and success (entry pricing strategies!)
 - Material possessions
 - Marketing recommendation for feminine countries?

Culture and the Product Meaning



Culture and the Product Meaning (II)

- Managing cultural meaning
 - Cultural meaning as brand equity
 - Identifying cultural meaning: Means-end analysis
 - Mean-end chain: simple knowledge structure that links product attributes to more functional and social consequences and to high-level consumer values
 - Product attributes as “means to some end”



- The chain varies across cultures (e.g. bike)
- Modifying cultural meaning using marketing-mix elements
 - Example: Using celebrity endorsers in ads

Culture and Advertising

- Accounting for culture is key for advertising
- Advertising works with stereotyping
 - Should attract attention and create instant recognition
 - Simplify reality
 - Short
- Culture allows to infer
 - E.g. Nutricia
- Example: Advertisement and Humor
 - British consumers are used to self-depreciating humor in ads
 - French consumers rarely see humor in ads, but prefer stylish and indirect appeals
 - Japanese prefer ads in which affective mood and emotional tone are emphasized over facts.

Culture and Pricing

■ Example: Prices and Bargaining

- Northern European consumers do not consider bargaining about prices as acceptable
- Southern European and northern African cultures have less problems with bargaining

Culture and Management

- Culture affects supply
 - Organizational culture
 - Management styles
 - Negotiation styles: e.g. answer delay in China
 - Relevance/transferability of the professional experience in culturally distant countries?