

International Marketing

Social and Cultural Environments

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Some Interesting Findings which Justify Importance of Considering Culture Dimension while Marketing

- Ahlström and his colleagues found significant differences in drinking patterns between men and women, between younger and older people, and often among ethnic or religious groups. In western countries, men account for 70-80% of the total alcohol consumption, whereas in China men consume about 95% of all alcohol. In US, the top 20 % of drinkers consume almost 90 % of all alcohol, whereas in China, the top 12.5 % of the drinkers have been estimated to account for 60 % of total alcohol consumption.
- The expatriate employees Huawei India, a Chinese company operating India are taking up Indian names in order to become more culturally acceptable to colleagues, business associates and clients.
- Future Group christened a senior level executive as Chief Belief Officer who would decode sacred stories, myths, rituals and their relevance to modern times, and helps the company build its cultural strategy.
- Coca Cola's "thanda matlab" campaign in different languages with distinct cultural backdrop was hugely successful

**Some Faux Pas in Marketing for not
Understanding Culture Dimension:**

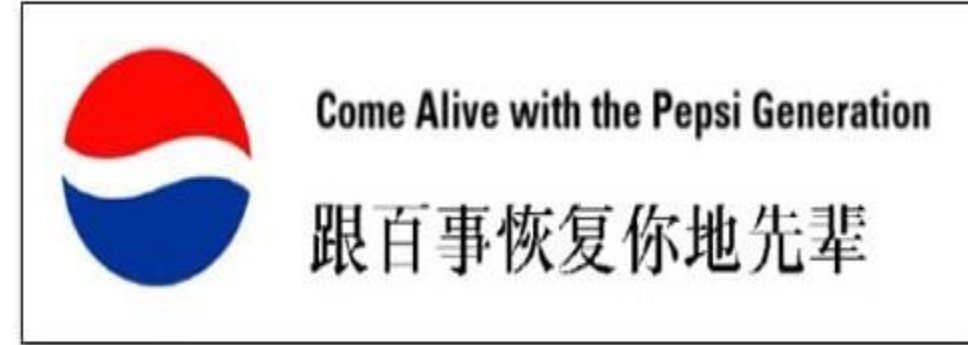
Funny yet Catastrophic



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- In Taiwan, Pepsi-Cola made a very grave error with their slogan “Come alive with the Pepsi generation”. The catch phrase was translated a little too literally in Taiwanese, and ended up saying “Pepsi will bring your ancestors back from the dead”.



- ‘When sung, the lyrics of this French Coca-Cola marketing campaign were easy to mishear ‘Have a Coke and a smile’ as ‘Have a Coke and a Mouse; this is due to the similarity of the words for smile (‘souriez’) and mouse (‘souris’)’



- In China, Coca-Cola used the name 'Ke-Kou-Ke-La', which means 'bite the wax tadpole' or 'a female horse stuffed with wax' until it was realised what this slogan meant. They had to make do with 'Ko-Kou-Ko-Le' in the end, which meant 'Happiness in the mouth'

Coca-Cola



Coca-Cola

口啃蚪蠟 1930s China market
(Kou Ken Dou La)
Mouth gnaw the tadpole wax
Approximate character phonetics, terse imagery

可口可乐 Traditional Chinese

(Ke Kou Ke Leh)
Suit taste, suit happiness (Joyful refreshing taste)
New character phonetics less precise, better semantic appeal

可口可乐 1980s China market
Simplified Chinese

(Ke Kou Ke Leh)
Suit taste, suit happiness (Joyful refreshing taste)
Use same character glyphs, no reinvent brand

Society, Culture, and Global Consumer Culture

- Culture can be defined as *“ways of living, built up by a group of human beings that are transmitted from one generation to another.”*
- A culture acts out its ways of living in the context of social institutions, including family, educational, religious, governmental, and business institutions. Those institutions, in turn, function to reinforce cultural norms.
- Culture includes both conscious and unconscious values, ideas, attitudes, and symbols that shape human behaviour and that are transmitted from one generation to the next. Organizational anthropologist Geert Hofstede defines culture as *“the collective programming of the mind that distinguishes the members of one category of people from those of another.”* A particular “category of people” may constitute a nation, an ethnic group, a gender group, an organization, a family, or some other unit.

Division of Cultural Elements

- Cultural elements could be divide into two broad categories:
 - **Material culture:** It refers to physical component or physical culture, which includes physical objects and artefacts created by humans such as clothing and tools
 - **Nonmaterial or subjective or abstract culture:** It includes intangibles such as religion, perceptions, attitudes, beliefs, and values.
- It is generally agreed that the material and nonmaterial elements of culture are interrelated and interactive.
- Cultural anthropologist George P. Murdock studied material and nonmaterial culture and identified a number of ***“cultural universals,”*** including athletic sports, body adornment, cooking, courtship, dancing, decorative art, education, ethics, etiquette, family feasting, food taboos, language, marriage, mealtime, medicine, mourning, music, property rights, religious rituals, residence rules, status differentiation, and trade.

Why should global marketers understand worldwide sociocultural phenomenon?

- It has been argued that consumption has become the hallmark of postmodern society.
- As cultural information and imagery flow freely across borders via satellite TV, the Internet, and similar communication channels, new global consumer cultures are emerging.
- Persons who identify with these cultures share meaningful sets of consumption-related symbols.
- Some of these cultures are associated with specific product categories; marketers speak of “coffee culture,” “credit-card culture,” “fast-food culture,” “pub culture,” “soccer culture,” and so on.
- This cosmopolitan culture, which is comprised of various segments, owes its existence in large part to a wired world in which there is increasing interconnectedness of various local cultures.
- It can be exploited by marketing tool called **Global Consumer Culture Positioning (GCCP)**. Marketers can use advertising to communicate the notion that people everywhere consume a particular brand or to appeal to human universals.

Cuba and North Korea are two countries in the world where Coca-Cola cannot be bought or sold (at least, not officially) as they both are under long-term US trade embargoes (Cuba since 1962 and North Korea since 1950). Also it is not available in East Timor, Kosovo, Vatican City, San Marino, Somalia, Sudan, South Sudan

Coca-Cola ads look different around the world.



This ad appeared in Beijing, China, in 2004

When Coca-Cola first came to China in 1927, it was a big hit. But in 1949, when communist leader Mao Zedong took over, Coke, along with other imported goods from the West, was banned. In 1979, it returned and today China is Coca-Cola's third-largest market, after the US and Mexico.



This South Korean ad dates back to 1986.

Coca-Cola began selling in South Korea in 1970 under the Doosan Beverage company, part of the larger Doosan conglomerate.



This 1994 billboard in Vietnam reads, "It's so nice to see you again."

Once US trade embargo lifted in 1994, Vietnamese citizens saw the return of the soda brand within the year, around three decades after it had been pulled from the market due to the Vietnam War.



A giant Coke poster adorns a building in Bangkok, Thailand, in 2013.

The first Thai Coca-Cola plant opened in Bangkok in 1949.



This Coca-Cola delivery van shows an ad in Indonesia from 1998.

Coca-Cola has been on Indonesian shelves since 1932, but it didn't open its first bottling plant there until the early 1990s.



This billboard went up in advance of the 2018 FIFA World Cup in Kaliningrad, Russia.

In 1979, Coca-Cola arrived in what was then the Soviet Union, in advance of the 1980 Moscow Olympics. The first bottling plant opened soon after the fall of the USSR in 1994.



The billboard measuring 26,000 square feet in Warsaw, Poland in 2000, which turned an office building into ad space.

Despite being within the Soviet bloc, Poland got its first taste of Coke long before the Russians, in 1957. It gained popularity throughout the '60s, until its first plant was opened in 1972.



A Coca-Cola ad in the Monastiraki neighbourhood of Athens, Greece, in 2011.

Greece got its first shipment of Coke in 1969.



A construction fence in Berlin, Germany, featured a large interactive Coke ad in 2013.

Germany got its first taste of Coke in 1929, where it soon proved very popular. However, during World War II, Coca-Cola was unable to ship its proprietary syrup to Nazi Germany; so German Coca-Cola employees came up with Fanta, which was made from leftover fruit peels. Its famous citrus flavour wasn't added until the 1950s.

While Germany was split into West and East in the aftermath of the war, East Germans could only smuggle in the soft drink, until it was officially for sale a year after Germany's reunification.



One of the famous trams in Lisbon, Portugal, displays a Coca-Cola ad in 2006.

Coca-Cola opened its first bottling plant in Portugal in 1958.



A three-dimensional Coca-Cola ad above a newsstand in Buenos Aires, Argentina, 2010.

Argentina had its first Coca-Cola bottling plant in 1942.



A Coke billboard hangs behind a Palestinian militant, who shoots rounds in the air during a rally in Ramallah, a Palestinian city just north of Jerusalem, Israel, in 2006.

Coca-Cola has a bottling plant in the Palestinian city of Ramallah, along with other plants in nearby Jericho and Tulkarem. In 2016, it opened a plant in Gaza, which employs 270 people. It's been in the region since 1998.



A Coca-Cola billboard from 1977 in Israel.

When Coke wanted to open shop in Israel in 1949, new government blocked its entrance. By the 1960s, Americans who sympathized with Israel thought it was strange that Coke was sold throughout the Middle East but not Israel. After some lobbying (and a change of heart by the Israeli government), the soft drink was introduced there in 1966.



This 2012 billboard from Dubai, UAE features a decidedly Western activity - a barbecue in the park.

Coke first came to the United Arab Emirates in 1988.



Two women in burqas sit below a Coke billboard in Kabul, Afghanistan, in 2006.

In 2006, Coca-Cola invested \$25 million in its first bottling plant in Kabul, Afghanistan.



A Coca-Cola ad in a cafe in Aswan, Egypt, in 1980.

Coca-Cola first came to Egypt in 1946.

Attitudes, Beliefs, and Values

- An **attitude** is a learned tendency to respond in a consistent way to a given object or entity.
Attitudes are clusters of interrelated beliefs.
- A **belief** is an organized pattern of knowledge that an individual holds to be true about the world. Attitudes and beliefs, in turn, are closely related to values.
- A **value** can be defined as an enduring belief or feeling that a specific mode of conduct is personally or socially preferable to another mode of conduct.
 - In the view of Hofstede and others, values represent the deepest level of a culture and are present in the majority of the members of a particular culture.

Some specific examples of Attitudes, Beliefs, and Values

- The Japanese strive to achieve cooperation, consensus, self-denial, and harmony. Because these all represent feelings about modes of conduct, they are values. Japan's monocultural society reflects the belief among the Japanese that they are unique in the world. Many Japanese, especially young people, also believe that the West is the source of important fashion trends. As a result, many Japanese share a favourable attitude toward American brands.
- Within any large, dominant cultural group, there are likely to be subcultures; that is, smaller groups of people with their own shared subset of attitudes, beliefs, and values.
- Values, attitudes, and beliefs can also be surveyed at the level of any "category of people" that is embedded within a broad culture. For example, if you are a vegetarian, then eating meat represents a mode of conduct that you and others who share your views avoid. Subcultures often represent attractive niche marketing opportunities.



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Religion

- Religion is important source of a society's beliefs, attitudes, and values.
- Religious tenets, practices, holidays, and history directly impact the way people of different faiths react to global marketing activities.
 - Hindus do not eat beef, which means that McDonald's does not serve hamburgers in India.
 - In Muslim countries, Yum! Brands has successfully promoted KFC in conjunction with religious observances. In Indonesia, home to the world's largest Muslim population, KFC uses Ramadan-themed outdoor advertising to encourage Indonesians to come to the restaurants at buka puasa, the end of each day's fast. Business at KFC Indonesia's 400 units is up as much as 20 percent during Ramadan.





- In the aftermath of the September 2001 terror attacks in New York and Washington, D.C., and the subsequent American military actions in the Middle East and Afghanistan, some Muslims have tapped into anti-American sentiment by urging a boycott of American brands.
- Tunisia-born Tawfik Mathlouthi, launched a soft drink brand, Mecca-Cola, as an alternative to Coca-Cola for Muslims living in the United Kingdom and France. The brand's name is both an intentional reference to the holy city of Islam as well as an ironic swipe at Coca-Cola, which Mathlouthi calls “the Mecca of capitalism.” London’s Sunday Times called Mecca-Cola “the drink now seen as politically preferable to Pepsi or Coke.”



- In 2003, Qibla Cola (the name comes from an Arabic word for “direction”) was launched in the United Kingdom. Founder Zahida Parveen hopes to reach a broader market than Mecca-Cola by positioning the brand “for any consumer with a conscience, irrespective of ethnicity or religion.”

100% SPIRIT
0% ALCOHOL
10% TO WORLD CAUSES



Qibla-Cola

www.qibla-cola.com

TIME TO MAKE A CHOICE!



Qibla-Cola
...liberate your taste



The Qibla-Cola Company

10% OF PROFIT TO THE WORLD CAUSES





Aesthetics

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- Within every culture, there is an overall sense of what is beautiful and what is not beautiful, what represents good taste as opposed to tastelessness or even obscenity, and so on. Such considerations are matters of **aesthetics**.
- Global marketers must understand the importance of visual aesthetics embodied in the colour or shape of a product, label, or package.
- Likewise, different parts of the world perceive aesthetic styles differently and with varying degrees of complexity.
- Aesthetic elements that are attractive, appealing, and in good taste in one country may be perceived differently in another.

Aesthetics: Colour

- A standardized colour can be used in all countries
 - Distinctive yellow colour on Caterpillar's earth-moving equipment and its licensed outdoor gear



CATERPILLAR®

- Red chevron on a pack of Marlboro cigarettes.



Aesthetics: Colour (contd.)

- A number of companies seem to be experiencing a case of the “blues,” as evidenced by names such as Bluetooth, Blue Moon, and JetBlue Airways



- Skyy vodka is packaged in a distinctive blue bottle.



Aesthetics: Colour (contd.)

- Because colour perceptions can vary among cultures, adaptation to local preferences may be required. Such perceptions should be taken into account when making decisions about product packaging and other brand-related communications. In highly competitive markets, inappropriate or unattractive product packaging may put a company or brand at a disadvantage. New colour schemes may also be mandated by a changing competitive environment.
- There is nothing inherently “good” or “bad” about any colour of the spectrum; all associations and perceptions regarding colour arise from culture.

Aesthetics: Colour (contd.)

- Red is a popular colour in most parts of the world; besides being the colour of blood, in many countries red also is tied to centuries-old traditions of viticulture and winemaking.
- Red usually has positive connotations and conveys meanings such as “active,” “hot,” “vibrant”, “emotional” and “sharp”. However, red is poorly received in some African countries.
- Blue, because of its associations with sky and water, has an elemental connotation with undertones of dependability, constancy, and eternity.
- White connotes purity and cleanliness in the West, but it is associated with death in parts of Asia.

Aesthetics: Colour (contd.)

- In the Middle East, purple is associated with death. Another research team concluded that grey connotes inexpensive in China and Japan, whereas it is associated with high quality and high cost in the United States.
- The researchers also found that the Chinese associated brown with soft drink labels and associated the colour with good tasting, whereas, South Korean and Japanese consumers associated yellow with soft drinks and good tasting. For Americans, the colour red has those associations.

Aesthetics: Music

- Music is an aesthetic component of all cultures and is accepted as a form of artistic expression and source of entertainment. In one sense, music represents a “transculture” that is not identified with any particular nation. For example, rhythm, or movement through time, is a universal aspect of music.
- Music is also characterized by considerable stylistic variation with regional or country-specific associations.
 - Bossa nova rhythms are associated with Argentina
 - Samba with Brazil
 - Salsa with Cuba
 - Reggae with Jamaica
 - Merengue with the Dominican Republic
 - Blues, driving rock rhythms, hip hop, and rap with the United States
- Sociologists have noted that national identity derives in part from a country’s indigenous or popular music; a unique music style can “represent the uniqueness of the cultural entity and of the community.”

Aesthetics: Music (contd.)

- Music provides an interesting example of the “think global, act local”.
- Musicians in different countries draw from, absorb, adapt, and synthesize transcultural music influences, as well as country-specific ones, as they create hybrid styles such as Polish reggae or Italian hip hop. Motti Regev describes this paradox as follows:

Producers of and listeners to these types of music feel, at one and the same time, participants in a specific contemporary, global-universal form of expression and innovators of local, national, ethnic, and other identities. A cultural form associated with American culture and with the powerful commercial interests of the international music industry is being used in order to construct a sense of local difference and authenticity.

Aesthetics: Music (contd.)

- Because music plays an important role in advertising, marketers must understand what style is appropriate in a given national market.
- Although background music can be used effectively in broadcast commercials, the type of music appropriate for a commercial in one part of the world may not be acceptable or effective in another part.
- Government restrictions must also be taken into account. In China, authorities have the power to dictate which songs can be marketed and performed, as the Rolling Stones can attest. Rock music journalism must also conform to state mandates, as the publisher of Rolling Stone magazine learned.

Rolling Stones in China

- The March 2006 inaugural issue of Rolling Stone's Chinese edition featured local rocker Cui Jian on the cover. Chinese authorities responded immediately. Mr. Cui is famous for penning an anthem to Chinese students participating in the 1989 Tiananmen Square democracy protests. Moreover, Beijing objected to the large Rolling Stone masthead and disapproved of the U.S. magazine's choice of Audiovisual World as its local partner. In October 2006, Rolling Stone reappeared with a new look and a new publishing partner.





CASE: Uproar over Danish Cartoons

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- In 2005, while writing a children's book on the life of the prophet Mohammed, Danish author Kare Bluitgen searched unsuccessfully for an illustrator. The problem: Many of the world's Muslims believe that it is blasphemy to depict images of the prophet. Denmark's conservative Jyllands-Posten newspaper picked up the story; concerned that this was a case of self-censorship, the paper's cultural editor challenged dozens of well-known illustrators to *“draw Mohammed the way that they see him.”* In September 2005, Jyllands-Posten printed submissions from 12 illustrators in conjunction with articles on freedom of speech; one of the images depicted Mohammed with a bomb in his turban.
- A few months later, the cartoons were reprinted in newspapers in France, Germany, Switzerland, and elsewhere. Reaction was swift: Protests erupted in Indonesia and other countries with large Muslim populations. The Danish and Norwegian missions in Damascus were set on fire. Some Arab governments supported boycotts of Danish goods and withdrew their ambassadors from Copenhagen.



In 2006, protesters across the Muslim world demonstrated against the publication of cartoon images of Mohammed in a Danish newspaper. Many supermarkets in Cairo, the largest city in the Arab world, removed Danish products from their shelves.

Meanwhile, the Danish government called its ambassadors back to Copenhagen, and Danish export marketers such as Arla Foods and the LEGO Group sought to deal with a growing consumer backlash in the Middle East. In the words of one employee at Saudi Arabia's airport, ***“Anything to do with Denmark is now history in the [Saudi] kingdom. Shops, businesses, imports. It's over.”*** As Finn Hansen, head of international operations at Arla, noted, ***“This can happen to anyone, anywhere, at anytime if you don't understand other people's cultures.”***

- The controversy was revived in 2008 when three men were arrested and charged with plotting to murder one of the cartoonists. Following the arrests, several newspapers printed the cartoons a second time. This action provoked another round of diplomatic protests in the Muslim world. As Kurt Westergaard, the cartoonist targeted by the would-be killers, noted, *“Cartoons always concentrate and simplify an idea and allow a quick impression that arouses some strong feeling.”* Westergaard’s Danish heritage also figures in. “In Denmark there is a culture of radicalism, a scepticism toward authority and religion. It’s part of our national character,” Westergaard said.



Dietary Preferences

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■ Cultural influences are also quite apparent in food preparation and consumption patterns and habits.

○ Domino's Pizza, the world's largest pizza-delivery company, pulled out of Italy because Italians perceived its product to be "too American." In particular, the tomato sauce was too bold and the toppings were too heavy.



○ To successfully launch the Subway chain in India, it was necessary to educate consumers about the benefits of the company's sandwiches since Indians do not normally consume bread.



- These examples underscore the fact that a solid understanding of food-related cultural preferences is important for any company that markets food or beverage products globally.
- Titoo Ahluwalia, chairman of a market research firm in Mumbai, points out that local companies can also leverage superior cultural understanding to compete effectively with large foreign firms. He says, *“Indian companies have an advantage when they are drawing from tradition. When it comes to food, drink, and medicine, you have to be culturally sensitive.”*
- Companies that lack such sensitivity are bound to make marketing mistakes. When Subway expanded into India, the company chose two U.S.-educated Indian brothers to help open stores and supervise operations.

- Although some food preferences remain deeply embedded in culture, plenty of evidence suggests that global dietary preferences are converging.
- For example, “fast food” is gaining increased acceptance around the world. Heads of families in many countries are pressed for time and are disinclined to prepare home-cooked meals.
- Also, young people are experimenting with different foods, and the global tourism boom has exposed travellers to pizza, pasta, and other ethnic foods. Shorter lunch hours and tighter budgets are forcing workers to find a place to grab a quick, cheap bite before returning to work.
- As cultural differences become less relevant, such convenience products will be purchased in any country where consumers’ disposable incomes are high enough.

- As we have seen, such processes can provoke a nationalist backlash. To counteract the exposure of its young citizens to le Big Mac and other American-style fast foods, the French National Council of Culinary Arts designed a course on French cuisine and “good taste” for elementary school students. The director of the council is Alexandre Lazareff. In his book, *The French Culinary Exception*, Lazareff warned that France’s vaunted haute cuisine is under attack by the globalization of taste. More generally, Lazareff spoke out against perceived challenges to France’s culinary identity and way of life. His concerns are real; while McDonald’s continues to open new restaurants in France (today there are more than 1,100 outlets), the number of traditional bistros and cafés has declined steadily for years. Despite McDonald’s success, the French have coined a new buzzword, le fooding, to express the notion that the nation’s passion for food goes beyond mere gastronomy:

To eat with feeling in France is to eat with your head and your spirit, with your nose, your eyes, and your ears, not simply your palate. Le fooding seeks to give witness to the modernity and new reality of drinking and eating in the twenty-first century Everything is fooding so long as audacity, sense, and the senses mix.



CASE: Can French Cuisine Regain Its Lustre?

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- For centuries, France has enjoyed a reputation as the epitome of the culinary arts. Terms such as haute cuisine, cuisine classique, and nouvelle cuisine have been used to describe various styles and eras of French cooking. Quiche, escargot, and Tournados Rossini are some of the French dishes that entered the culinary mainstream in the 20th century. French restaurants that use luxury ingredients and boast highly coveted stars from the venerable Michelin guide have long been popular dining destinations among globetrotting gourmands. The hit movies Julie and Julia and Ratatouille helped boost awareness of French gastronomy among the general population.
- However, all is not well in the land of haute cuisine. Recently, a number of authors, journalists, and food critics have chronicled a disturbing trend: the decline in France's status as a culinary superpower. Several famous 20th century French master chefs have passed away, including legendary patissier Gaston Lenotre. Meanwhile, chefs in London, Japan, and Spain are breaking new ground in terms of cooking technology and food chemistry. A new generation of chefs, including Heston Blumenthal of The Fat Duck in Bray, England, and Ferran Adria of El Bulli in Spain, are celebrated for their forays into “molecular gastronomy” and other innovations.



Heston Blumenthal is a world-renowned chef working in the Southern England town of Bray; his restaurant, The Fat Duck, has received a coveted three-star rating from the Michelin Guide. The menu includes snail porridge and cod cooked with a blow torch and served with apple jelly and apple “snow.” However, Blumenthal does not like the term “molecular gastronomy.” “Molecular’ makes it sound complicated, and ‘gastronomy’ makes it sound elitist,” he says.

- Another Brit, Gordon Ramsay, is featured in the popular Hell's Kitchen reality TV show. In short, France is no longer universally viewed as cutting-edge.
- The numbers tell part of the story: McDonald's is France's number-one private sector employer, and the number of cafés has shrunk to 40,000 from 200,000 half a century ago. While sales of the most expensive French wines are booming, thanks to strong demand in Asia, sales of French wine made for everyday drinking is declining around the world.
- What is to be done? Plenty, it turns out. For example, Omnivore is an organization and magazine started by food writer Luc Dubanchet. The goal is to spread the word about le jeune cuisine, which is more casual than traditional French. Omnivore's sponsors include Groupe Danon's water division, which markets the Evian and Badoit brands. Another organization, Le Fooding, publishes a magazine and sponsors festivals featuring food prepared by top French chefs. Le Fooding's sponsors include Veuve Clicquot Champagne. Sponsors generally hope to generate increased awareness and sales among both chefs and restaurant patrons.

- In addition, a French organization called the Interprofessional Council of Bordeaux Wine (CIVB) has launched a new program to promote Bordeaux wines in global markets. Dubbed Bordeaux Tomorrow, the program calls for opening “Bordeaux Bars” in London, Hong Kong, New York, and other key cities. Print ads will emphasize that wines from the Bordeaux region are fun to drink on a regular basis and are not just for wealthy connoisseurs and collectors. As Christophe Chateau, communications director of CIVB, explains, “We need to show people that you can get excellent value for money from Bordeaux for between €3 and €10 a bottle. In restaurants, people often avoid Bordeaux because they think it will be too expensive.”
- Another suggestion comes from Donald Morrison, author of *The Death of French Culture*. Morrison argues that French chefs should forget about past glories; instead, they should spend more time abroad where they can be exposed to new ideas. A recent gathering in Great Milton, England, is a perfect example of this approach. Top chefs from the United States, France, and Great Britain met for a weeklong conference called “The American Food Revolution.” One attendee, Gérard Passédat of the Michelin-starred Petit Nice in Marseille, summed up the event this way: “Unfortunately, we [French] are too rigid. Food is so central to the French way of life. There are different cultures, different clienteles, as well as intellectual and psychological barriers. But meetings like this will help us to breach them.”



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Language and Communication

- The diversity of cultures around the world is also reflected in language. A person can learn a great deal about another culture without leaving home by studying its language and literature; such study is the next best thing to actually living in another country.
- Linguists have divided the study of spoken or verbal language into four main areas:
 - Syntax (rules of sentence formation)
 - Semantics (system of meaning)
 - Phonology (system of sound patterns)
 - Morphology (word formation)

- Unspoken or nonverbal communication - also sometimes referred to as the silent language- includes gestures, touching, and other forms of body language that supplement spoken communication. Both the spoken and unspoken aspects of language are included in the broader linguistic field of semiotics, which is the study of signs and their meanings.
- In global marketing, language is a crucial tool for communicating with customers, suppliers, channel intermediaries, and others. The marketing literature is full of anecdotal references to costly blunders caused by incorrect or inept translations of product names and advertising copy. As you can see from the following figure, pronunciation subtleties associated with certain Chinese characters can trip up well-meaning gift giving in China. For example, it would be a bad sign to give an umbrella to a business acquaintance because it would be the equivalent of hoping that his or her business fails.

- When British retail-development firm BAA McArthurGlen set up a U.S.-style factory outlet mall in Austria, local officials wanted to know, “Where’s the factory?” To win approval for the project, McArthurGlen was forced to call its development a “designer outlet centre.”
- Anheuser-Busch and Miller Brewing both experienced market failures in the United Kingdom; the problem was the phrase “light beer,” which was understood as meaning reduced alcohol levels rather than fewer calories. Now Miller Lite is marketed in Europe as “Miller Pilsner.”



- Before Hearst Corporation launched Good Housekeeping magazine in Japan, managers experimented with Japanese translations. The closest word in Japanese, kaji, means *“domestic duties.”* However, that word can be interpreted as tasks performed by servants. In the end, the American title was retained, with the word “Good” in much larger type on the front cover than the word “Housekeeping.” Inside the magazine, some of the editorial content was adapted to appeal to Japanese women; for example, the famous Seal of Approval was eliminated because the concept confused readers. Editor-in-chief Ellen Levine said, *“We have no interest in trying to export our product exactly as it is. That would be cultural suicide.”*



- In China, Dell had to find a meaningful interpretation of “direct sales,” the phrase that describes the company’s powerful business model. A literal translation results in zhi xiao, which is the Chinese term for illegal pyramid marketing schemes. To counteract the negative connotation, Dell’s sales representatives began using the phrase zhi xiao ding gou, which translates as “direct orders.”



- A team of translators was tasked with compiling a dictionary to help fans of American football in China understand the game. Thanks to a team of academics who compiled an encyclopaedia of American football terms, Chinese sports fans should have a better understanding of NFL games.
- For example, the Chinese translation for blitz is “lightning war against the quarterback.” Onside kick is rendered “gambling kick-off” or “short kick,” while punt is “give up and kick it back.” The authors of The American Football Encyclopaedia also interpreted sack as “capture and kill” or “capture the quarterback”; play action is “pass after fake run.” Hail Mary pass translates as “miracle long pass,” and touchdown is “hold the ball and touch the ground.”

Blitz

突袭:猛撞
(四分卫)一种
防守技术

Gambling kickoff

赌博踢

Short kick

短开球

Punt

凌空踢球

Capture and kill

‘擒杀’

Successfully capture the quarterback

成功地擒抱四分卫

Play action

假跑真传

Hail Mary pass

长传到达阵区

Touchdown

持球触地

書

book

傘

umbrella

鐘

clock

Why in China, it is considered to be bad luck to give a book, an umbrella, or a clock as a gift?

The character for “book” is pronounced shu, which sounds like “I hope you lose (have bad luck)”. “Umbrella” (san) sounds like “to break into pieces or fall apart.” And “clock” (zhong) sounds like “death” or “the end.”

- Phonology and morphology can also come into play; Colgate discovered that in Spanish, colgate is a verb form that means “go hang yourself.”



- Whirlpool spent considerable sums of money on brand advertising in Europe only to discover that consumers in Italy, France, and Germany had trouble pronouncing the company’s name.



- Conversely, Renzo Rosso deliberately chose “Diesel” for a new jeans brand because, as he once noted, “It’s one of the few words pronounced the same in every language.” Rosso has built Diesel into a successful global youth brand and one of Italy’s top fashion success stories; annual sales revenues exceed \$1.2 billion.



- Technology is providing interesting new opportunities for exploiting linguistics in the name of marketing. For example, young people throughout the world are using cell phones to send text messages; it turns out that certain number combinations have meaning in particular languages. For example, in Korean the phonetic pronunciation of the numerical sequence 8282, “Pal Yi Pal Yi,” means “hurry up,” and 7179 (“Chil Han Chil Gu”) sounds like “close friend.” Also, as many digital-savvy young teens in Korea can attest, 4 5683 968 can be interpreted as “I love you.”

1 하나 (hana or hah - nah)	6 여섯 (yeosut or yuh suht)
2 둘 (dul or dool)	7 일곱 (ilgup or eel gob)
3 셋 (set or seht)	8 여덟 (yeodul or yuh duhl)
4 넷 (net or neht)	9 아홉 (ah-hope or ah hob)
5 다섯 (dusut or dah suht)	10 열 (yuhl)

ㄱ 기역 giyeok g/k k/g [k/g]	ㄲ 쌍 기역 ssang giyeok kk kk [k*]	ㄴ 니은 niën n n [n]	ㄷ 디귄 diget d/t t/d [t/d]	ㄸ 쌍 디귄 ssang diget tt tt [t*]	ㄹ 리을 riël l l/r [l/r]	ㅁ 미음 miëm m m [m]
ㅂ 비읍 biëp b/p p/b [p/b]	ㅃ 쌍 비읍 ssang biëp pp pp [p*]	ㅅ 시옷 shiot s s [s]	ㅆ 쌍 시옷 ssang shiot ss ss [s*]	ㅇ 이응 iëng ng -ng [Ø/-ŋ]	ㅈ 지읒 jiët j ch/j [tʃ/ç]	ㅊ 쌍 지읒 ssang jiët jj tch [tʃ*]
ㅊ 치읓 chiet ch ch' [tʃʰ]	ㅋ 키읓 kiuek k k' [kʰ]	티을 tiët t t' [tʰ]	피읓 piëp p p' [pʰ]	히을 hiët h h [h]		

- Korean marketers are using these and other numerical sequences in their advertising. After eBay boosted its presence in China by acquiring the EachNet auction site in 2003, it used rebates and other promotions to attract users. For example, EachNet offered credits of 68 yuan on purchases of 168 yuan or more. The figures were chosen for their linguistic properties: In Chinese, the word “six” is a homophone (has the same pronunciation) for the word “safe,” and “eight” is pronounced the same as “prosperity.”



- One impact of globalization on culture is the diffusion of the English language around the globe. Today, more people speak English as a foreign language than there are people whose native language is English. Nearly 85 percent of the teenagers in the EU are studying English.
- Despite the fact that Sony is headquartered in Japan, the company makes it clear to job applicants in any part of the world that it does not consider English to be a “foreign language.”
- The same is true for Finland’s Nokia.
- Matsushita recently introduced a policy that requires all managers to pass an English-language competency test before being considered for promotion. Top management at Matsushita concluded that a staid corporate culture that was exclusively Japanese was eroding the company’s competitiveness in the global market. The English-language requirement is a potent symbol that a Japanese company is globalizing.

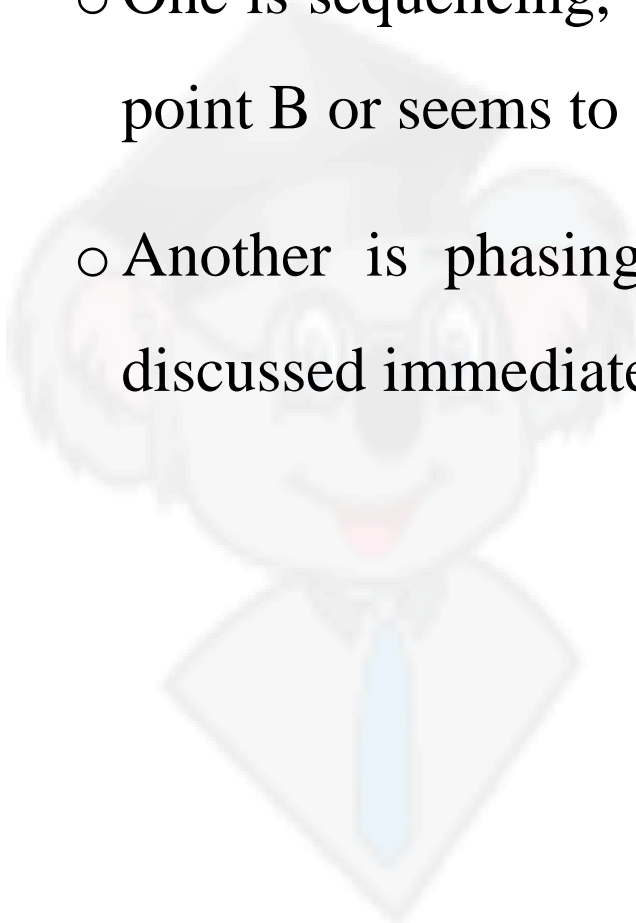
- The challenges presented by nonverbal communication are perhaps even more formidable.
- For example, Westerners doing business in the Middle East must be careful not to reveal the soles of their shoes to hosts or pass documents with the left hand. In Japan, bowing is an important form of nonverbal communication that has many nuances.
- People who grow up in the West tend to be verbal; those from Asia exhibit behaviour that places more weight on nonverbal aspects of interpersonal communication. In the East, it is expected that people will pick up nonverbal cues and understand intuitively without being told. Westerners must pay close attention not only to what they hear but also to what they see when conducting business in such cultures.

- Deep cultural understanding that is based in language can be an important source of competitive advantage for global companies. The aggressive expansion of Spain's Telefónica in Latin America provides a case in point. As Juan Villalonga, former chairman of Telefónica, noted, *“It is not just speaking a common language. It is sharing a culture and understanding friendships in the same way.”*

Telefonica

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- Several important communication issues may emerge.
 - One is sequencing, which concerns whether the discussion goes directly from point A to point B or seems to go off on tangents.
 - Another is phasing, which pertains to whether certain important agenda items are discussed immediately or after the parties have taken some time to establish rapport.



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- According to experts on international negotiations, several distinctly American tactics frequently emerge during negotiations. These tactics are often effective with other Americans, but may require modification when dealing with people from other cultural backgrounds. In any communication situation, speakers offer a variety of cues that can help astute observers understand the speaker's mind-set and mental programming. Here are some examples:
 - Americans typically want to “go it alone.” As a result, they may be outnumbered in a negotiation situation.
 - Many Americans like to “lay their cards on the table.” However, in some contexts, it is important to build rapport and not “get to the point” immediately.
 - Americans tend to talk too much when they should be listening and observing. In some cultures, long silences are valued. Nonverbal communication cues can be just as important as words.

Marketing's Impact on Culture

- Universal aspects of the cultural environment represent opportunities for global marketers to standardise some or all elements of a marketing program. The astute global marketer often discovers that much of the apparent cultural diversity in the world turns out to be different ways of accomplishing the same thing. Shared preference for convenience foods, disposable products, popular music, and movies in North America, Europe, Latin America, and Asia suggests that many consumer products have broad, even universal, appeal. Increasing travel and improving communications have contributed to a convergence of tastes and preferences in a number of product categories.

Marketing's Impact on Culture

- The cultural change and the globalization of culture have been capitalized upon, and even significantly accelerated, by companies that have seized opportunities to find customers around the world. The impact of marketing and, more generally, of global capitalism on culture can be controversial. For example, sociologist George Ritzer and others lament the so-called “McDonaldization of culture” that, they say, occurs when global companies break down cultural barriers while expanding into new markets with their products. As Ritzer noted:

Eating is at the heart of most cultures and for many it is something on which much time, attention and money are lavished. In attempting to alter the way people eat, McDonaldization poses a profound threat to the entire cultural complex of many societies.

Marketing's Impact on Culture (contd.)

- Fabien Ouaki is living proof that persons outside of academia and government have also joined the battle against McDonaldization. Ouaki is the managing director of Tati, a discount retailer based in France. Ouaki is opening new stores in select countries, including the United States. Ouaki claims that “personal revenge” is one motivation for entering the U.S. market. “As a Frenchman, it makes me sick to see kids crying to go see ‘Titanic,’ eat at McDonald’s, or drink Coke. I want to see New Yorkers crying to have a Tati wedding dress,” he said.

Marketing's Impact on Culture

- Similarly, the international Slow Food movement boasts 70,000 members in dozens of countries. Slow Food grew out of a 1986 protest over the opening of a McDonald's on a popular plaza in Rome; every 2 years, Slow Food stages a Salone del Gusto in Italy that showcases traditional food preparation. As a spokesperson said, *“Slow Food is about the idea that things should not taste the same everywhere.”* In 2008, Slow Food U.S.A. attracted 60,000 people to an event in San Francisco that featured a farmers' market and a speaker's series called “Food For Thought”

Come to the Table

San Francisco
Aug. 29–Sept. 1, 2008

Program Highlights

Food for Thought: Wendell Berry, Marion Nestle, Michael Pollan, Eric Schlosser, Vandana Shiva, Alice Waters, and many others share their vision for a food system that is good, clean and fair. Forums, workshops and participatory panels for all further the discussion.

Marketspace: A vibrant showcase of local and sustainable growers and artisanal producers featuring fresh, seasonal produce and foods.

Victory Garden: A vital and diverse urban farm planted by the community in the heart of the city embodies the growth of a national movement with global impact.

Join with thousands of others from around the country and the world for an extraordinary and unprecedented celebration and citizens' conference exploring the connection between plate and planet. Experience a cornucopia of diverse tastes and feasts, demonstrations, artisanal products and traditions, markets, films, music, famed speakers and more. Visit www.slowfoodnation.org for more information.

Slow Food Nation '08
Come to the Table

At Slow Food gatherings, participants can attend forums, workshops, and panels featuring writers such as Eric Schlosser (Fast Food Nation) and world-famous chefs such as Alice Waters. And, of course, there is the food: artisanal meats, cheeses, breads, and much more.

High- and Low-Context Cultures

- Edward T. Hall has suggested the concept of high and low context as a way of understanding different cultural orientations.
- In a low-context culture, messages are explicit and specific; words carry most of the communication power.
- In a high-context culture, less information is contained in the verbal part of a message. Much more information resides in the context of communication, including the background, associations, and basic values of the communicators. In general, high-context cultures function with much less legal paperwork than is deemed essential in low-context cultures. Japan, Saudi Arabia, and other high-context cultures place a great deal of emphasis on a person's values and position or place in society. In such cultures, a business loan is more likely to be based on "who you are" than on formal analysis of pro forma financial documents.

High- and Low-Context Cultures (contd.)

- In a low-context culture, such as the United States, Switzerland, or Germany, deals are made with much less information about the character, background, and values of the participants. Much more reliance is placed on the words and numbers in the loan application. Similarly, Japanese companies, such as Sony, traditionally paid a great deal of attention to the university background of a new hire; preference would be given to graduates of Tokyo University. Specific elements on a résumé were less important.
- In a high-context culture, a person's word is his or her bond. There is less need to anticipate contingencies and provide for external legal sanctions because the culture emphasizes obligations and trust as important values. In these cultures, shared feelings of obligation and honour take the place of impersonal legal sanctions. This helps explain the importance of long and protracted negotiations that never seem to get to the point. Part of the purpose of negotiating, for a person from a high-context culture, is to get to know the potential partner.

High- and Low-Context Cultures (contd.)

- For example, insisting on competitive bidding can cause complications in low-context cultures.
- In a high-context culture, the job is given to the person who will do the best work and whom you can trust and control.
- In a low-context culture, one tries to make the specifications so precise that the threat of legal sanction forces a builder to do a good job.
- As Hall has noted, a builder in Japan is likely to say, “What has that piece of paper got to do with the situation? If we can’t trust each other enough to go ahead without it, why bother?”

High- and Low-Context Cultures (contd.)

- Although countries can be classified as high or low context in their overall tendency, there are exceptions to the general tendency. These exceptions are found in subcultures.
- The United States is a low-context culture with subcultures that operate in the high-context mode. The world of the central banker, for example, is a “gentleman’s” world; that is, a high-context culture.
- Even during the most hectic day of trading in the foreign exchange markets, a central banker’s word is sufficient for him or her to borrow millions of dollars.
- In a high-context culture there is trust, a sense of fair play, and a widespread acceptance of the rules of the game as it is played.

High- and Low-Context Cultures: The Comparison

Factors or Dimensions	High Context	Low Context
Lawyers	Less important	Very important
A person's word	Is his or her bond	Is not to be relied upon; "get it in writing"
Responsibility for organizational error	Taken by highest level	Pushed to lowest level
Space	People breathe on each other	People maintain a bubble of private space and resent intrusions
Time	Polychronic—everything in life must be dealt with in terms of its own time	Monochronic—time is money; linear—one thing at a time
Negotiations	Are lengthy—a major purpose is to allow the parties to get to know each other	Proceed quickly
Competitive bidding	Infrequent	Common
Country or regional examples	Japan, Middle East	United States, Northern Europe

Hofstede's Cultural Typology

- Organizational anthropologist Geert Hofstede is widely quoted for his definition of culture. Hofstede is also well known for research studies of social values that suggest that the cultures of different nations can be compared in terms of five dimensions.
 - Power Distance (PD)
 - Individualism (IDV)
 - Masculinity (MAS)
 - Uncertainty Avoidance (UA)
 - Long-Term Orientation (LTO)
- Hofstede notes that three of the dimensions refer to expected social behaviour, the fourth dimension is concerned with “man’s search for Truth,” and the fifth reflects the importance of time. Following table shows a summary of selected country rankings, plus Hong Kong and Taiwan

CASE: Applying Hofstede's Typology to Denmark



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- **Future Orientation:** The extent to which a society encourages and rewards future-oriented behaviours such as planning, investing in the future, and delaying gratification. Denmark scores high. In the Danish business environment, it is normal to prepare and discuss 5-year budgets and business plans that are then adjusted yearly. Also, the Danish population is aware of the importance of saving for retirement. The Ministry of Economic Affairs hopes to establish a world-class innovation centre in Denmark. The centre would elevate Denmark to the top ranks of countries with consumer-driven innovation.
- **Gender Differentiation:** The extent to which a society maximizes gender role differences. Denmark scores low. In Denmark, gender role differences are insignificant. Danish women are strong and believe they can do anything that a man can. Danish women are very focused on equality, both in the home and at work. It is very common for fathers to take equal part in cleaning and other duties around the house.

- **Uncertainty Avoidance:** The extent to which the members of a society are accepting of ambiguous situations or comfortable with unfamiliar situations. Denmark scores low; in other words, it is an uncertainty-accepting society. Danes generally are not afraid of taking chances; they are comfortable doing things that are not carefully thought out or planned. Denmark's "flexicurity" policy combines free labour markets (workers can be fired) with adjustable welfare benefits, including financial support and free job training for the unemployed. The Danish social system provides a close-knit safety system to fall back on. Society relies on and supports a system that is costly, but provides a constant sense of security.
- **Power Distance:** The degree to which members of a society expect power to be unequally shared. Denmark scores low, which results in very flat and informal organizational structures and the wide use of various matrix models. Janteloven, or "the law of Jante," deeply affects how Scandinavian people act and are expected to act. The term originated with writer Aksel Sandemose who wrote a novel about Jante, a village where one is not supposed to believe he or she is better or smarter than anyone else. Humility is important, and this limits power distance.

- **Individualism/Collectivism:** The degree to which societal institutions encourage individuals to be integrated into groups within organizations and society. Denmark scores high on individualism. In-group Collectivism and Institutional Collectivism: The extent to which members of a society take pride in membership in small groups such as their family and circle of close friends and the organizations in which they are employed. Denmark scores high in institutional collectivism and low in in-group collectivism.



Inspired by the Hans Christian Anderson tale, Denmark's Little Mermaid is a famous landmark in Copenhagen Harbour. However, in 2010, she was moved temporarily to the Danish pavilion at Shanghai Expo.



The Self-Reference Criterion and Perception

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■ A person's perception of market needs is framed by his or her own cultural experience. A framework for systematically reducing perceptual blockage and distortion was developed by James Lee and published in the March–April 1966 issue of Harvard Business Review in the article named Cultural Analysis in Overseas Operations. Lee termed the unconscious reference to one's own cultural values the self-reference criterion (SRC). To address this problem and eliminate or reduce cultural myopia, he proposed a systematic four-step framework:

- Define the problem or goal in terms of home-country cultural traits, habits, and norms.
- Define the problem or goal in terms of host-country cultural traits, habits, and norms. Make no value judgments.
- Isolate the SRC influence and examine it carefully to see how it complicates the problem.
- Redefine the problem without the SRC influence and solve for the host-country market situation.



Case of Self-Reference Criterion and Perception: Walt Disney Company's decision to build a theme park in France

The Walt Disney Company's decision to build a theme park in France provides an excellent vehicle for understanding SRC. As they planned their entry into the French market, how might Disney executives have done things differently had they used the steps of SRC?

- Step 1: Disney executives believe there is virtually unlimited demand for American cultural exports around the world. Evidence includes the success of McDonald's, Coca-Cola, Hollywood movies, and American rock music. Disney has a stellar track record in exporting its American management system and business style. Tokyo Disneyland, a virtual carbon copy of the park in Anaheim, California, has been a runaway success. Disney policies prohibit sale or consumption of alcohol inside its theme parks.
- Step 2: Europeans in general, and the French in particular, are sensitive about American cultural imperialism. Consuming wine with the midday meal is a long-established custom. Europeans have their own real castles, and many popular Disney characters come from European folk tales.

- Step 3: The significant differences revealed by comparing the findings in steps 1 and 2 suggest strongly that the needs upon which the American and Japanese Disney theme parks were based did not exist in France. A modification of this design was needed for European success.
- Step 4: This would require the design of a theme park that is more in keeping with French and European cultural norms. Allow the French to put their own identity on the park.



- The lesson that the SRC teaches is that a vital, critical skill of the global marketer is unbiased perception; that is, the ability to see what is so in a culture. Although this skill is as valuable at home as it is abroad, it is critical to the global marketer because of the widespread tendency toward ethnocentrism and use of the self-reference criterion.
- The SRC can be a powerful negative force in global business and forgetting to check for it can lead to misunderstanding and failure. While planning Euro Disney, former Disney chairman Michael Eisner and other company executives were blinded by a potent combination of their own prior success and ethnocentrism.
- Avoiding the SRC requires a person to suspend assumptions based on prior experience and success and be prepared to acquire new knowledge about human behaviour and motivation.

Diffusion Theory

- Hundreds of studies have described the process by which an individual adopts a new idea. Sociologist Everett Rogers reviewed these studies and discovered a pattern of remarkably similar findings. Rogers distilled the research into three concepts that are extremely useful to global marketers: the adoption process, characteristics of innovations, and adopter categories. Taken together, these concepts constitute Rogers' diffusion of innovation framework.
- An innovation is something new. When applied to a product, “new” can mean different things. In an absolute sense, once a product has been introduced anywhere in the world, it is no longer an innovation, because it is no longer new to the world. Relatively speaking, however, a product already introduced in one market may be an innovation elsewhere because it is new and different for the targeted market. Global marketing often entails such product introductions. Managers find themselves marketing products that may be, simultaneously, innovations in some markets and mature or declining products in others.

The Adoption Process

- One of the basic elements of Rogers's diffusion theory is the concept of an adoption process—the mental stages through which an individual passes from the time of his or her first knowledge of an innovation to the time of product adoption or purchase.
- Rogers suggests that an individual passes through five different stages in proceeding from first knowledge of a product to the final adoption or purchase of that product:
 - Awareness
 - Interest
 - Evaluation
 - Trial
 - Adoption

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Stages of Adoption Process

- **Awareness.** In the first stage, the customer becomes aware for the first time of the product or innovation. Studies have shown that at this stage impersonal sources of information such as mass media advertising are most important. An important early communication objective in global marketing is to create awareness of a new product through general exposure to advertising messages.
- **Interest.** During this stage, the customer is interested enough to learn more. The customer has focused his or her attention on communications relating to the product and will engage in research activities and seek out additional information.

Stages of Adoption Process (contd.)

- **Evaluation.** In this stage the individual mentally assesses the product's benefits in relation to present and anticipated future needs and, based on this judgment, decides whether to try it.
- **Trial.** Most customers will not purchase expensive products without the "hands-on" experience marketers call "trial." A good example of a product trial that does not involve purchase is the automobile test drive. For health care products and other inexpensive consumer packaged goods, trial often involves actual purchase. Marketers frequently induce trial by distributing free samples. For inexpensive products, an initial single purchase is defined as trial.

Stages of Adoption Process (contd.)

- **Adoption.** At this point, the individual either makes an initial purchase (in the case of the more expensive product) or continues to purchase—adopts and exhibits brand loyalty to—the less expensive product. Studies show that as a person moves from evaluation through trial to adoption personal sources of information are more important than impersonal sources. It is during these stages that sales representatives and word of mouth become major persuasive forces affecting the decision to buy.

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Characteristics of Innovations as proposed by Rogers

- **Relative advantage:** How a new product compares with existing products or methods in the eyes of customers. The perceived relative advantage of a new product versus existing products is a major influence on the rate of adoption. If a product has a substantial relative advantage vis-à-vis the competition, it is likely to gain quick acceptance. When compact disc players were first introduced in the early 1980s, industry observers predicted that only audiophiles would care enough about digital sound and have the money to purchase them. However, the sonic advantages of CDs compared to LPs were obvious to the mass market; as prices for CD players plummeted, the 12-inch black vinyl LP was rendered virtually extinct in less than a decade.

Characteristics of Innovations as proposed by Rogers (contd.)

- **Compatibility:** The extent to which a product is consistent with existing values and past experiences of adopters. The history of innovations in international marketing is replete with failures caused by the lack of compatibility of new products in the target market. For example, the first consumer VCR, the Sony Betamax, ultimately failed because it could only record for 1 hour. Most buyers wanted to record movies and sports events; they shunned the Betamax in favour of VHS-format VCRs that could record 4 hours of programming.

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Characteristics of Innovations as proposed by Rogers (contd.)

- **Complexity:** The degree to which an innovation or new product is difficult to understand and use. Product complexity is a factor that can slow down the rate of adoption, particularly in developing country markets with low rates of literacy. In the 1990s, dozens of global companies developed new interactive multimedia consumer electronics products. Complexity was a key design issue; it was a standing joke that in most households VCR clocks flashed 12:00 because users didn't know how to set them. To achieve mass success, new products will have to be as simple to use as slipping a pre-recorded DVD into a DVD player.

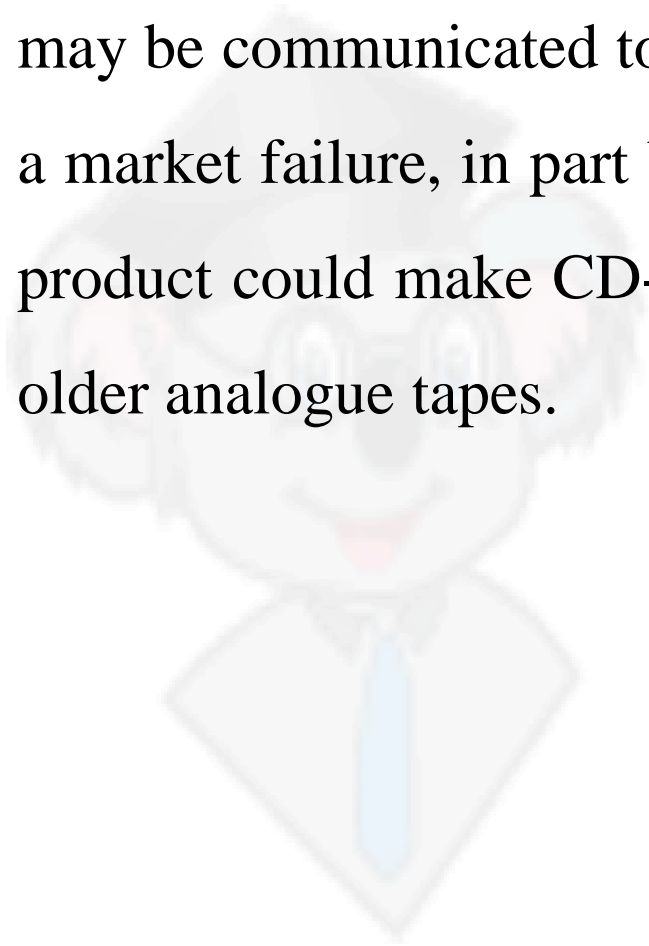
Characteristics of Innovations as proposed by Rogers (contd.)

- **Divisibility:** The ability of a product to be tried and used on a limited basis without great expense. Wide discrepancies in income levels around the globe result in major differences in preferred purchase quantities, serving sizes, and product portions. CPC International's Hellmann's mayonnaise was simply not selling in U.S.-size jars in Latin America. Sales took off after the company placed the mayonnaise in small plastic packets since the plastic packets were within the food budgets of local consumers, and did not require any refrigeration.

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Characteristics of Innovations as proposed by Rogers (contd.)

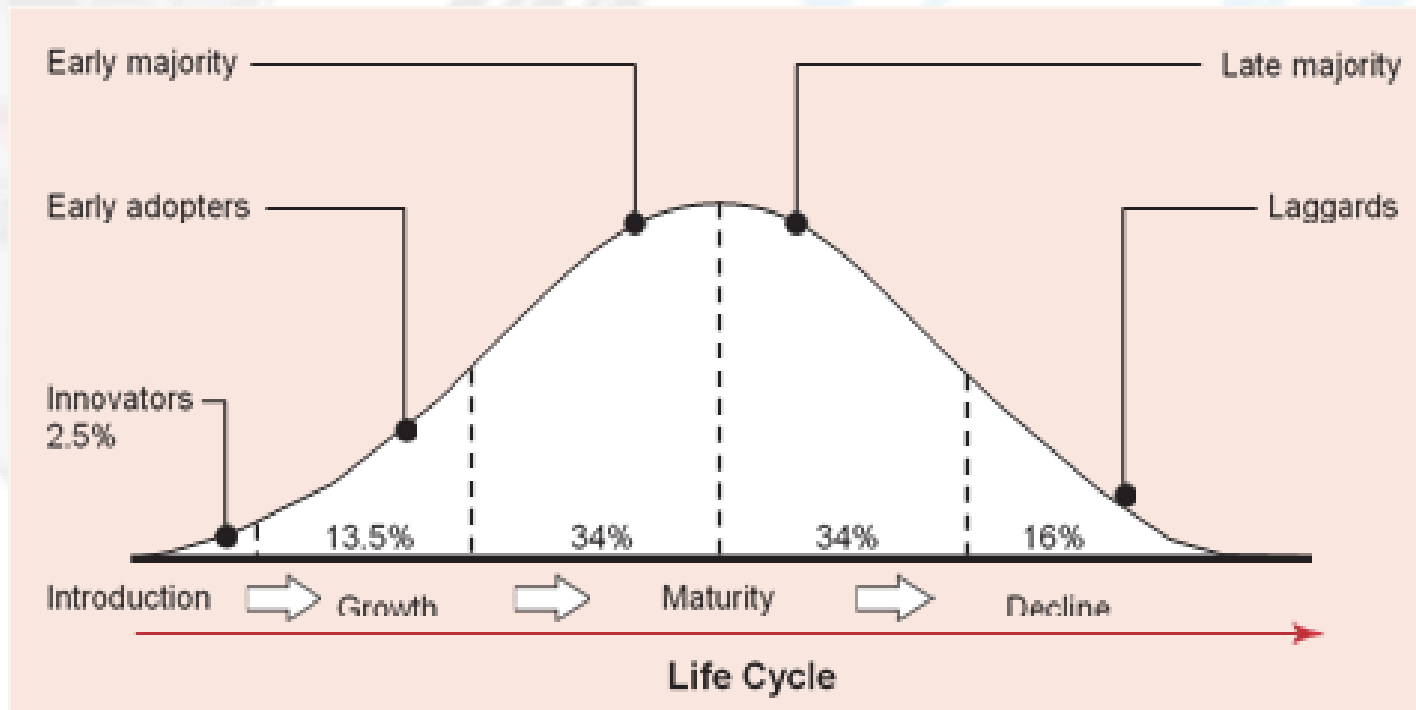
- **Communicability:** The degree to which benefits of an innovation or the value of a product may be communicated to a potential market. A new digital cassette recorder from Philips was a market failure, in part because advertisements did not clearly communicate the fact that the product could make CD-quality recordings using new cassette technology while still playing older analogue tapes.



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Adopter Categories

- Adopter categories are classifications of individuals within a market on the basis of their innovativeness. Hundreds of studies of the diffusion of innovation demonstrate that, at least in the West, adoption is a social phenomenon that is characterized by a normal distribution curve, as shown in the following figure.



Adopter Categories (contd.)

- Five categories have been assigned to the segments of this normal distribution.
 - The first 2.5 percent of people to purchase a product are defined as innovators.
 - The next 13.5 percent are early adopters
 - The next 34 percent are the early majority
 - The next 34 percent are the late majority
 - Final 16 percent are laggards
- Innovators tend to be venturesome, more cosmopolitan in their social relationships, and wealthier than those who adopt later.
- Early adopters are the most influential people in their communities, even more than the innovators and have great influence on the early and late majority, who comprise the bulk of the adopters of any product. Several characteristics of early adopters stand out.
 - First, they tend to be younger, with higher social status, and in a more favourable financial position than later adopters.
 - They must be responsive to mass media information sources and must learn about innovations from these sources because they cannot simply copy the behaviour of early adopters.

Adopter Categories (contd.)

- One of the major reasons for the normal distribution of adopter categories is the *interaction effect*; that is, the process through which individuals who have adopted an innovation influence others.
- Adoption of a new idea or product is the result of human interaction in a social system. If the first adopter of an innovation or new product discusses it with two other people, and each of these two adopters passes the new idea along to two other people, and so on, the resulting distribution yields a normal bell shape when plotted.

Diffusion of Innovations in Pacific Rim Countries

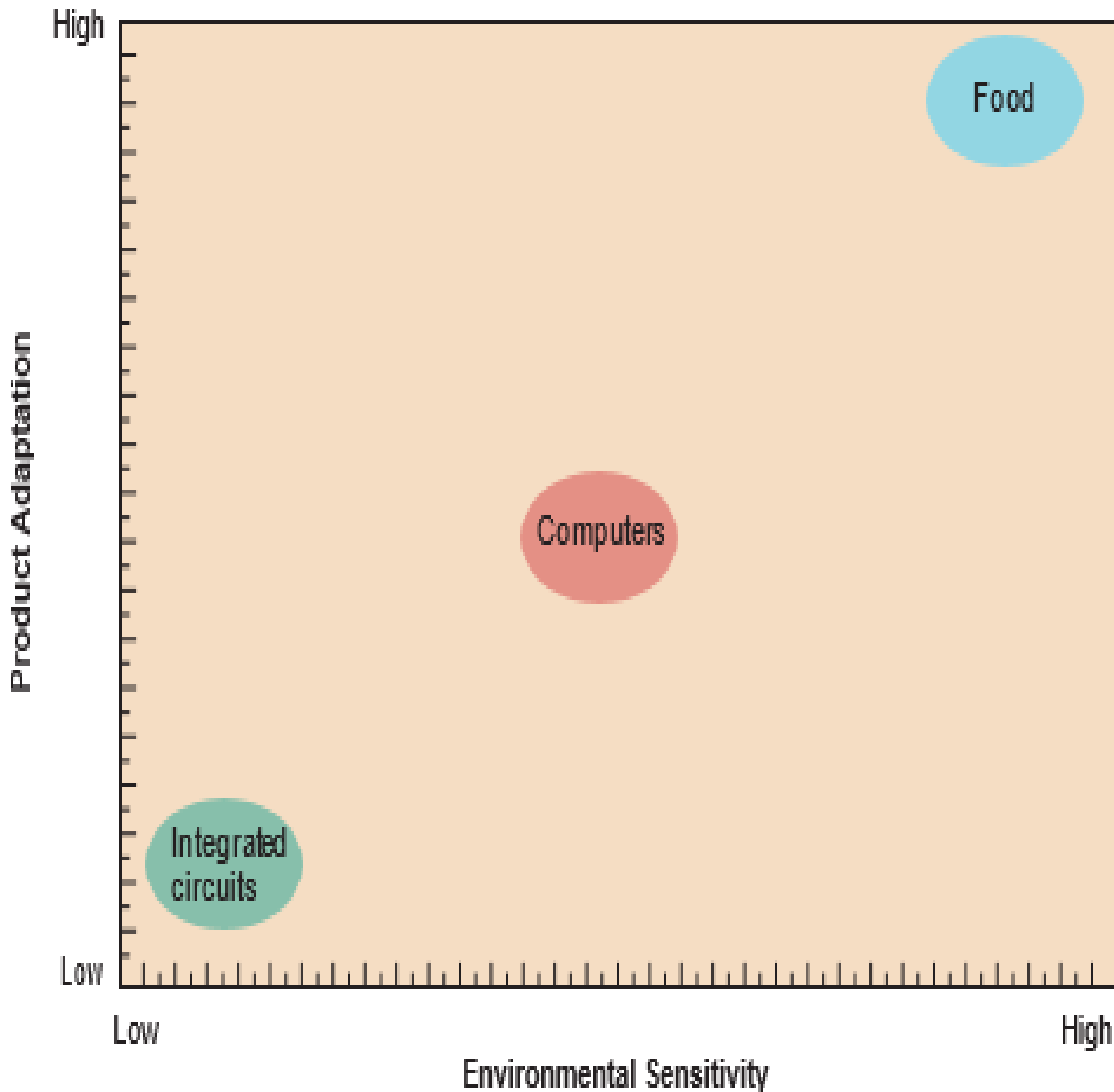
- Takada and Jain conducted a cross-national survey on the impact of culture and communication patterns on diffusion processes for room air conditioners, washing machines, and calculators considering countries of high-context cultures with relatively homogeneous populations such as Japan, South Korea, and Taiwan as compared to United States as low-context, heterogeneous culture.
- They surmised that Asia would show faster rates of diffusion than the United States.
- A second hypothesis supported by the research was that adoption would proceed more quickly in markets where innovations were introduced relatively late. Presumably, the lag time would give potential consumers more opportunity to assess the relative advantages, compatibility, and other product attributes.
- Their research has important marketing implications. They note: *“If a marketing manager plans to enter the newly industrializing countries (NICs) or other Asia markets with a product that has proved to be successful in the home market, the product’s diffusion processes are likely to be much faster than in the home market.”*

Marketing Implications of Social and Cultural Environments

- The various cultural factors described earlier can exert important influences on consumer and industrial products marketing around the globe. These factors must be recognized in formulating a global marketing plan.
- **Environmental sensitivity** reflects the extent to which products must be adapted to the culture-specific needs of different national markets. A useful approach is to view products on a continuum of environmental sensitivity.
 - At one end of the continuum are environmentally insensitive products that do not require significant adaptation to the environments of various world markets.
 - At the other end of the continuum are products that are highly sensitive to different environmental factors.
- A company with environmentally insensitive products will spend relatively less time determining the specific and unique conditions of local markets because the product is basically universal. The greater a product's environmental sensitivity, the greater the need for managers to address country-specific economic, regulatory, technological, social, and cultural environmental conditions.

Marketing Implications of Social and Cultural Environments (contd.)

- The sensitivity of products can be represented on a two-dimensional scale, as shown in the following figure



The horizontal axis shows environmental sensitivity, the vertical axis the degree for product adaptation needed.

Any product such as integrated circuits exhibiting low levels of environmental sensitivity belongs in the lower left of the figure.

Moving to the right on the horizontal axis, the level of sensitivity increases, as does the amount of adaptation. Computers exhibit moderate levels of environmental sensitivity; variations in country voltage requirements require some adaptation. In addition, the computer's software documentation should be in the local language.

At the upper right of the figure are products with high environmental sensitivity. Food sometimes falls into this category because it is sensitive to climate and culture. McDonald's has achieved great success outside the United States by adapting its menu items to local tastes.

Marketing Implications of Social and Cultural Environments (contd.)

- Research studies show that, independent of social class and income, culture is a significant influence on consumption behaviour and durable goods ownership. Consumer products are probably more sensitive to cultural difference than are industrial products.
- Hunger is a basic physiological need in Maslow's hierarchy; everyone needs to eat, but what we want to eat can be strongly influenced by culture. Evidence from the front lines of the marketing wars suggests that food is probably the most sensitive category of consumer products.

The U.S. soup market was dominated by the Campbell Soup Company; 90 percent of the soup consumed by households was canned.

Knorr was a Swiss company acquired by CPC that had a major share of the European prepared food market; CPC International failed to win popularity for Knorr dehydrated soups among Americans, where bouillon and dehydrated soups account for 80 percent of consumer soup sales.

Despite CPC's failure to change the soup-eating habits of Americans, the company (now called Bestfoods and a unit of Unilever) is a successful global marketer with operations in more than 60 countries and sales in 110 countries.



Marketing Implications of Social and Cultural Environments (contd.)

- Thirst also shows how needs differ from wants. Hydration is a universal physiological need. As is the case with food and cooking, however, the particular liquids people want to drink can be strongly influenced by culture.
- Coffee is a beverage category that illustrates the point. On the European continent, coffee has been consumed for centuries.
- By contrast, Britain has historically been a nation of tea drinkers, and the notion of afternoon tea is firmly entrenched in British culture. In the 1970s, tea outsold coffee by a ratio of 4 to 1. Brits who did drink coffee tended to buy it in instant form, because the preparation of instant is similar to that of tea. By the 1990s, however, Britain was experiencing an economic boom and an explosion of new nightclubs and restaurants.
- Trendy Londoners looking for a non-pub “third place” found it in the form of Seattle Coffee Company cafés. An instant success after the first store was opened by coffee-starved Americans in 1995, by 1998 Seattle Coffee had 65 locations around London. Starbucks bought the business from its founders for \$84 million. Today, Starbucks has overcome the challenge of high real estate prices and has more than 750 locations in the United Kingdom.

Marketing Implications of Social and Cultural Environments (contd.)



In countries where ground water may be contaminated, bottled water is a convenient alternative. The fastest growth in the industry is occurring in developing countries; in the past 5 years, bottled water consumption has tripled in India and more than doubled in China.

However, the Earth Policy Institute views bottled water as an overpriced, wasteful extravagance.

The International Bottled Water Association disagrees with that view. A spokesman said, "We're an on-the-go society demanding convenient packaging and consistent quality, and that's what bottled water provides."



Mistakes Foreigners Make when Marketing in China

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- Marketing in China is never an easy task. With the list of marketing fumbles constantly growing even for huge international brands, it can seem like an intimidating market to enter with following questions:
 - What exactly should foreign businesses pay extra attention to before launching their Chinese marketing plans?
 - How can businesses tower above their competitors rushing into China using similar marketing channels with the same goal in mind?
 - How can businesses really engage and connect with local consumers while maintaining their foreign identity?
- Following are the reasons for which foreign players make mistakes while marketing in China.
 - Misunderstanding traditional Chinese culture
 - Not properly translating campaign messaging
 - Misusing stereotypical images of the old China
 - Equating localization with degrading aesthetic standards and taste
 - Ill-considered campaigns touching on sensitive issues
 - Not recognizing china's stance on territorial integrity

Misunderstanding Traditional Chinese Culture

- When talking about marketing in China, the first and most fundamental thing you want to do right is to make sure getting you are accurately communicating your message to your target consumers.
- We all understand the importance of that, for sure. But little do foreign marketers know how this seemingly easy task can be done completely wrong by simply forgetting to pick up on **cultural nuances**.
- This happens even to huge brands that are clearly not new to the Chinese market and have the resources to properly conduct research and plan their campaigns.

Case of Misunderstanding Traditional Chinese Culture: Burberry — A Modern New Year Family Portrait or A Horror Movie Poster?

- Burberry launched its very first Chinese New Year campaign earlier this year. With 4 million views and 90 thousand discussions under the Weibo hashtag **#BurberryChineseNewYear**, the campaign indeed caught a lot of attention, but unfortunately not in the way the brand desired.
- Collaborating with its Chinese ambassadors Wei Zhao and Dongyu Zhou this time, Burberry intended to showcase a Modern Chinese new year, with family members “nestling up and showing the togetherness of a family”.
- But this message was perceived quite differently when the campaign was viewed by Chinese consumers.

Case Study of Burberry (contd.)



Family portrait in Burberry's New Year campaign



Grandma surrounded by her vicious-looking "family members"

Case Study of Burberry (contd.)

- Clearly, not many people understand why the family looks so unhappy on this festive occasion. **“Does Burberry think I am the kind of person who celebrates the New Year with a long face?”**, questioned one Weibo user. Some even see alternative stories behind this unsettling scene like a **“Ruthless family trying to kill their rich grandma and preparing to battle for her wealth”**.
- However funny these comments were, all the buzz and attention on social media did not bring Burberry positive business result after all, as data shows a decreased demand in the China market followed.
- Despite Burberry’s effort to make a chic tweak to the traditional Chinese family portrait, they obviously forgot to do some thorough research on all the cultural nuances that lie beneath the surface and the potential message that the audience could receive.
- If there’s one word to describe the spirit of Chinese New Year, it must be **“jubilance”**, rather than **“togetherness”**. And when minor things like dark outfits, gloomy faces, and a dull background all work against this code, it might not be surprising to see why the campaign failed completely in sending the right message to Burberry’s target audience.

Case of Misunderstanding Traditional Chinese Culture: Prada — When “Chinese Red” Went Wrong

- Prada is another brand that overreached when trying to wow the Chinese during the holiday season.
- **“Creepy”, “Spooky”, “perfect as a trailer for horror movie”** were how many Chinese people responded to the campaign. Though the campaign featured new-year blessings in huge red Chinese characters three times throughout the video, people were not feeling very blessed at all from this particular campaign.

Words of CNY Blessings appear 3 times at the beginning, middle, and end of the commercial



PRADA 普拉达

广告

PRADA祝您新年快乐
甄赏PRADA特别线上大片, 点击探索更多新春贺礼。



Case Study of Prada (contd.)

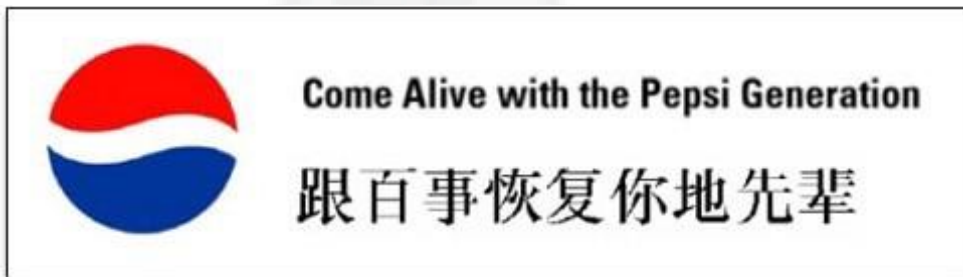
- The classic old-Shanghai setting, a traditional square table (八仙桌, frequently appear in Hong Kong horror films), and the models' vintage outfits might be symbols representing China in foreign countries, but they've become very outdated and don't serve to create any meaningful connections with younger generations in China.
- All these obsolete elements, put together with a creepy bloody red backdrop (Yes, Chinese love red in the new year season, but not to this extent...) and the model's melancholy faces, made the commercial resemble a 90s horror film for the viewers.
- Again, an example proving that a Chinese marketing strategy with insufficient understanding of the Chinese traditional culture can backfire and cause more negative sentiment than positive.



In the next scene, the model is about to wish the audience a happy new year. But I honestly think it looks like she is about to go on a murderous rampage.

Case of Not Properly Translating Campaign Messaging: Pepsi - Brings Your Ancestors Back From The Dead

- In the 1960s Pepsi had trouble connecting with younger generations and was mostly seen as a cheaper alternative to Coca-Cola. Naturally Pepsi wanted to change this perception, and succeeded with its campaign “Come Alive! You’re in the Pepsi Generation.”
- With its success in Western markets Pepsi thought it would work equally well in other markets. This may have even been the case if they got the translation right. As the story goes Pepsi translated the campaign message to the following:



When Pepsi began marketing to Chinese consumers with its newly translated slogan they quickly found out their translation had a different meaning. It turns out their translation actually meant “Pepsi brings your ancestors back from the dead.”

Misusing Stereotypical Images of the Old China

- When trying to make special products or campaigns appeal to the China market, make sure you are not simply **piling up Chinese cultural motifs** like dragons and phoenixes, red lanterns, blue and white porcelains, etc. For many Chinese this is like an ad campaign featuring cowboy hats, burgers, and apple pies to target Americans.
- Indeed, these might be the most easily identified Chinese cultural elements to the rest of the world, but this **does not** mean they speak to Chinese consumers nowadays. If you're creating a product for marketing to Chinese consumers consider the unique tastes of your audience rather than just relying on these old motifs!



Nike's 2016 CNY series with the traditional Chinese New Year blessing words “發”(get rich) and “福”(good luck). They didn't realize that when worn as a pair, “發福” literally means “getting fat”.

Misusing Stereotypical Images of the Old China (contd.)

- Most of the Chinese marketing strategies and campaigns implemented by foreign brands these days fixate on a stereotypical (and often not accurate) image of the old China. However, Chinese consumers, especially millennials & Gen-Z, expect brands to **recognize its current modernity**, instead of simply throwing a bunch of superficial cultural cliches at them.



Burberry's 2015 CNY limited-edition scarf with the giant Chinese character “福” (fortune), was said to look like a knockoff at a local wholesale market by Chinese netizens.

Case of Misusing Stereotypical Images of the Old China: Victoria's Secret — A Fashion Show that Reminds You of The Lion Dance

- In the Victoria Secret's 2016 fashion show, they unveiled a series of dragon-themed lingerie to woo their Chinese consumers.
- Unfortunately, in the eyes of the Chinese audience, wrapping a model up with dragons came across as “Tacky” and “ugly”. Instead of looking elegant and noble, this outfit showed the Chinese that Victoria's secret was out-of-touch with its modern Chinese audience.



Case of Victoria's Secret (contd.)

- Another takeaway for any businesses marketing to Chinese consumers — **avoid** using extremely bright and saturated colour schemes **all the time!** Otherwise, like what Victoria's Secret did, this will be what your message reminds Chinese of:



Traditional Chinese Lion Dance, known for its exaggerated and out-of-style colour scheme



The real traditional Chinese colour scheme is quite the opposite of “bright yellow and saturated red”

Equating Localization with Degrading Aesthetic Standards and Taste

- Instead of delving too deep into old Chinese images, some brands see the social progression and new trends in China and try to incorporate them into their China marketing strategies.
- However, a brand new angle sometimes doesn't necessarily produce the best result. Bear in mind not to **over-do** this to the extent that you **lose your brand image** and **degrade your brand's aesthetic standards**.
- Chinese consumers love to get a bargain, but they definitely don't want to spend a fortune on something that looks cheap.

Case of Equating Localization with Degrading Aesthetic Standards and Taste: Dior — When A Brand Goes Too Down-to-Earth

- Dior launched a commercial in China featuring their 2018 FW Season saddle bag. They likely noticed that online-shopping was growing rapidly, and created a campaign similar to those run by Chinese e-commerce companies. Unfortunately, the whole commercial looked like a low-budget Taobao store promotional campaign.
- “This looks cheaper than what WeChat merchants (微商) do for their fake handbags.” was one comment from a Chinese netizen.



Screenshots from the widely-criticized Dior commercial

Case Study of Dior (contd.)

- Creative Chinese netizens even re-edited the video clip with the Pinduoduo (a Chinese e-commerce platform popular for discounted products and group-buying schemes) theme song and logo to express how this commercial was perceived in their eyes.



“It finally looks right.” exclaimed by Chinese netizens after they tweak the clip into commercials for Pinduoduo and Tmall, which are famous for their tacky online campaigns.

Case of Equating Localization with Degrading Aesthetic Standards and Taste: Fendi — “Baguette” or “Bad Taste”?

- Fendi’s Baguette campaign used the quote from Sex and the City “This is not a bag, this is a baguette.” (which is not well-known among Fendi’s Chinese audience). With this being the only slogan in the campaign, this totally confused Chinese consumers.
- Besides the vague message conveyed throughout, this marketing piece was mainly criticized for misinterpreting Chinese consumers’ aesthetic tastes and behaviour. On top of featuring a group of super-rich Chinese girls’ crazy shopping spree at Fendi, the brand squeezes all the elements they thought were trendy in China into one commercial — singing karaoke, playing at a game centre, shopping at a department store, etc. (this may have worked in the 90s).
- The final effect looked chaotic and bizarre to modern Chinese consumers, ultimately coming across as corny to most Chinese netizens.

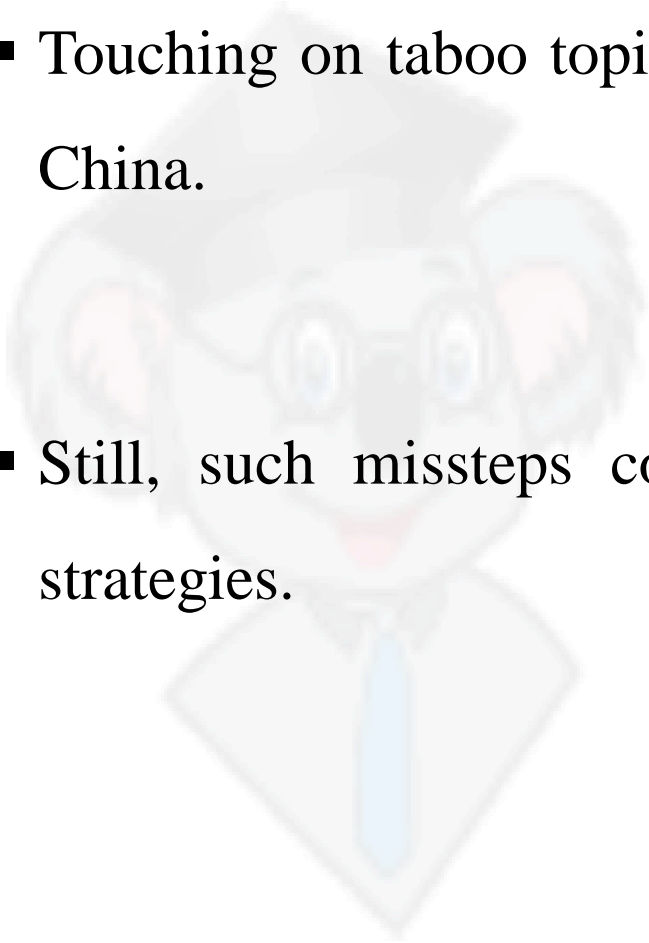
Case Study of Fendi (contd.)



In an effort to look more localized and approach young Chinese lifestyle, the Fendi commercial was accused of being “corny” and “cheap”

Ill-considered Campaigns Touching on Sensitive Issues

- Touching on taboo topics is definitely a mistake no brand want to make when marketing in China.
- Still, such missteps continue to appear in many Western companies' China marketing strategies.



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Case of Ill-considered Campaigns Touching on Sensitive Issues: D&G — Sabotaging Their Brand Image with Cultural Superiority

- Long gone are the days when Chinese feel bad about the “made-in-China” label. Millennials in China don’t blindly chase after just anything with a Western origin anymore and take pride in their heritage.
- With rising nationalistic sentiments prevailing on the internet, Chinese consumers are becoming increasingly aware of the cultural superiority revealed in many foreign brands’ marketing message for China.
- Take D&G’s notoriously racist ad campaign as an example. People were quick to catch the intention behind making a Chinese model look clumsy eating “our amazing Italian pizza” with chopsticks. As you probably know, the fierce criticism and boycott that followed almost swatted the brand out of China completely, with their products disappearing seemingly overnight from various e-commerce platforms.

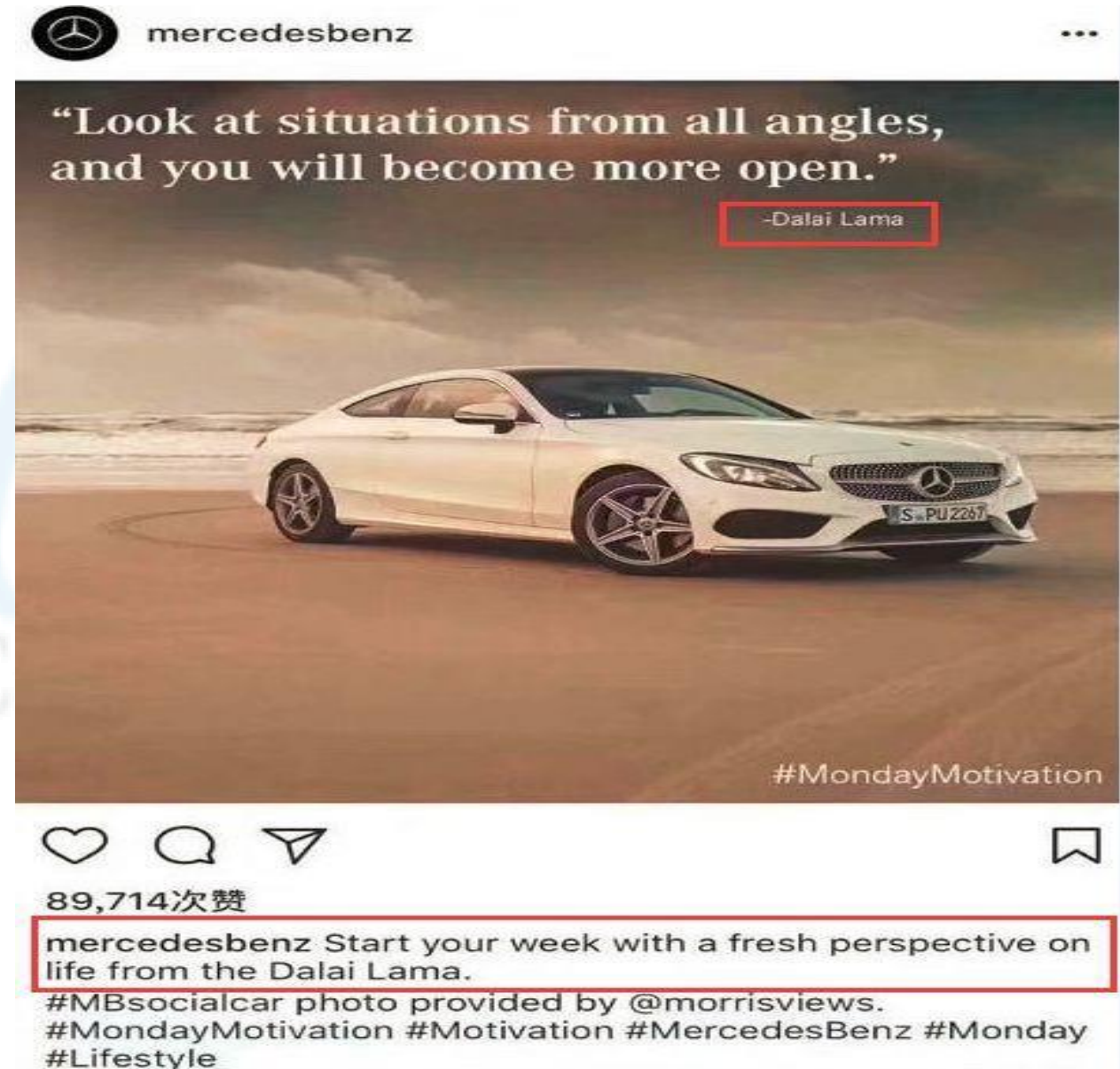
Case Study of D&G (contd.)

- Even after the brand made public apologies, it seems that the damage is done, and with **Chinese making nearly 1/3 of luxury brand purchases worldwide**, this is one incident that will likely sting for quite a while.



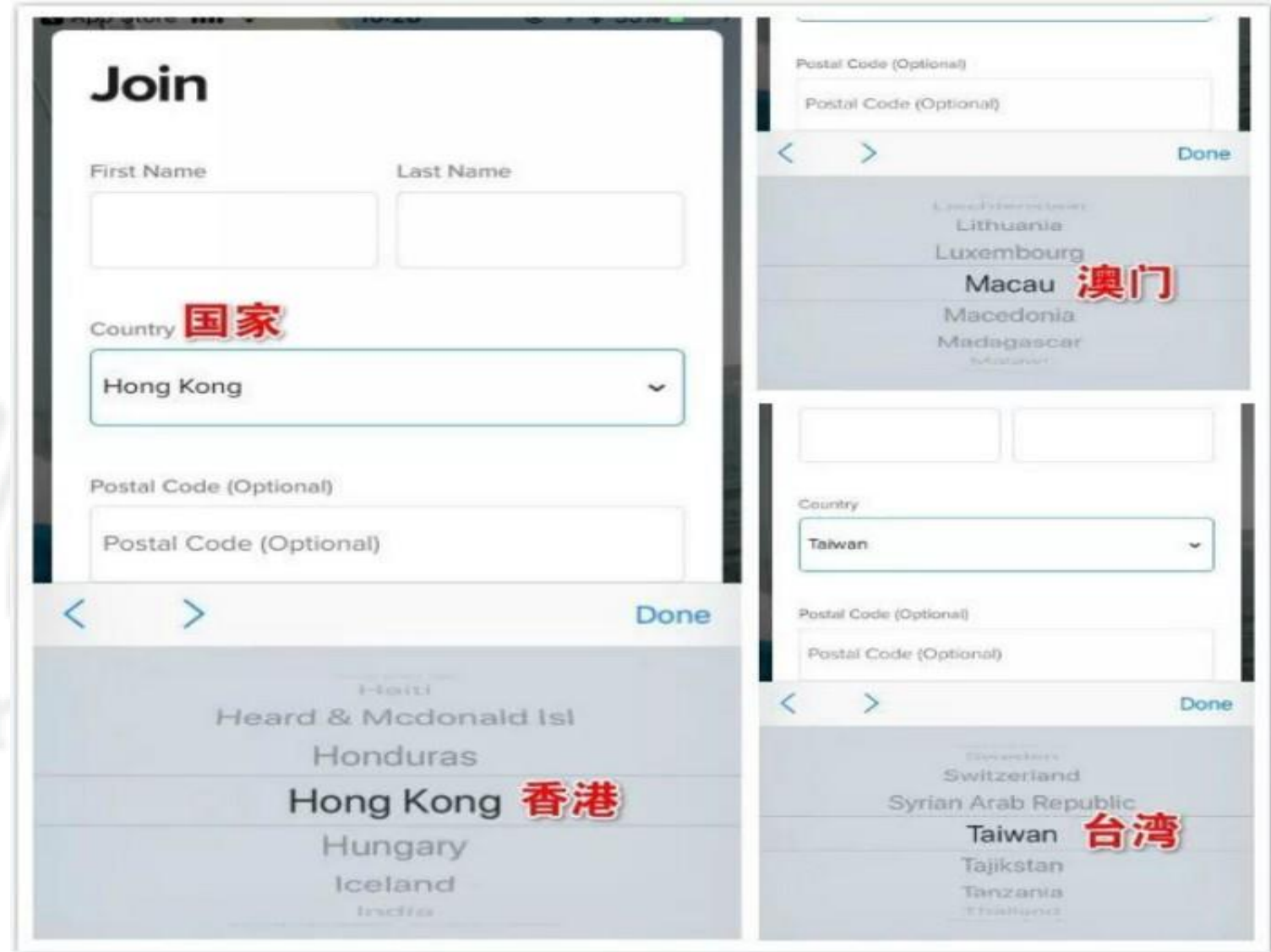
Case of Ill-considered Campaigns Touching on Sensitive Issues: Mercedes Benz — Involvement with Political Taboos

- There are some political no-go zones that every brand should be aware of before marketing in China.
- Accused in China as a political exile leading separatist activities, The Dalai Lama is among the last person to be included when marketing to Chinese consumers. In February 2019, Mercedes Benz quoted The Dalai Lama on a social media marketing advertisement. This ad piece on Instagram, though not intended for Chinese consumers, still triggered an uproar on the internet. It was taken so seriously that the People's Daily Online published a commentary **accusing Mercedes Benz of being “an enemy of the Chinese people”**.



Not Recognizing China's Stance on Territorial Integrity

- The backlash caused when a company doing business in China fails to keep in mind the undisputable topic of territorial borders linked to Chinese interests, could cause irreparable damage to its business.
- In 2018, Delta Air Lines, Qantas, and Zara all had to update their websites for listing Hong Kong and Taiwan as countries separate from China.



The Marriott's website in China was shut down after categorizing Tibet, Taiwan, Hong Kong, and Macau as separate countries



Examples of Successful Campaigns for Marketing in China and Their Secret Recipes

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Maybelline — Understanding the Essence of Chinese New Year

- Among all product categories, cosmetic companies usually fight the hardest to win the attention of Chinese consumers' on gift-giving holidays like Chinese New Year.
- Maybelline was able to distinguish itself from other cosmetics brands, who mindlessly print Chinese characters or zodiac signs with red colour schemes on their products, with their Mahjong Cosmetics Set. The product impressed millions of bored Chinese consumers with their creativity and ingenious design.
- As one of the most popular household games in China that isn't widely known in other countries, Mahjong incorporates many of the elements the Chinese love to see during the holiday season — Family, Fortune, and Fun. With all-new lipsticks named after festive words like “crackers”, “spring couplets”, and “Red Zhong”(means red dragon in Mahjong) packed together with a chic set of Mahjong tiles, Maybelline's new year gift box was simply too delightful to resist for many Chinese consumers.

Case Study of Maybelline (contd.)



Maybelline's Mahjong cosmetic set, specially designed for their newly launched "Red-on-Fire" lipstick series

Coca-Cola — Embracing the Modernity of China

- Chinese consumers expect brands to not only acknowledge the country's past but also appreciate its modernity.
- In its 2018 campaign celebrating the 40th year of China's reform and opening, the company showcases the rapid improvement in Chinese living standards since its entry into the Chinese market.
- With its slogan “Time is changing, care is the same”, the brand addresses the rapid social progress that has taken place while invoking Chinese people's treasured memories with Coca-Cola in their life journey

Case Study of Coca-Cola (contd.)



Coca-Cola's Poster for The Campaign

On the final poster, it writes, "Time evolves; we all grow; but whenever we open a bottle of Coca Cola, it's always the same joy that follows."

Doctor Who — When Cultural Infusion Is Made Right

- Many Chinese consumers are getting tired of their culture being represented by cliché motifs with flashy colours. Hence, Chinese marketing strategy will stand out if it incorporates the right elements with a good aesthetic sense. The BBC's long-lived popular TV series, Doctor Who is a good example for this.
- As the show is not very well-known in China, The BBC launched a series of China-themed poster earlier 2019 to bond with the Chinese audience.
- Featuring The TARDIS, Doctor Who's time-traveling English phone booth, near major Chinese landmarks, the poster series delicately blended Chinese realistic paintings with modern illustration techniques from the west. The elegant traditional Chinese colour scheme adds on further to its aesthetic value.

Case Study of Doctor Who (contd.)

- The marketing campaign received wide acclaim soon after its launch and was even a hot topic among professional graphic designers in China who hoped to replicate this style.



A Full collection of Doctor Who's 7 China-themed posters, each featuring a city in China