The concept of self reference criterion

SRC- the unconcious reference to one's own culture values in comparison to other cultures, SRC-if we talk about in basic terms then SRC means to forget about self like if a company is going to some another country then the going company will have to take care about the culture etc of the host country and will have to forget about our culture like McDonalds when entered India they sold product aloo tikki burger inspite of their beef burger.

Example: McDonald's entered India in 1996 with seven restaurants. India is a country that is 40% vegetarian, with an aversion to either beef or pork. Among meat-eaters, the people are also hostile towards frozen meat and fish and enjoy spicy foods. The burgers have to be prepared in a separate part of the kitchen with separate utensils. McDonald's found themselves with problems.

Impact of Self reference criterion in international marketing?

Self reference criterion is the influence of one's culture on the behavior in a given situation. When put in a situation people tend to respond in a way that is closely associated with their culture.

In international marketing scenarios, we are talking about working in different cultural environments and hence a self referenced behavior may not be the “ correct” behavior from the perspective target culture. Hence realization of this differences of culture and the possibility of self reference criterion is important in international marketing.

This is not such a big issue in domestic marketing since the cultural difference is not major.

Importance of self reference criteria to inter international marketing:

The impact of self reference criteria keeps huge impacts to enter international marketing. Here the foreign company must obey some rules and adapt cultural impression of the host country. Some international rules and regulation must be followed strictly to enter international market. To launce a business in foreign country the following criteria are to be observed;

Political and legal requirement: The host country provides some political condition to the foreign company to enter the market. The foreign company must satisfied and fulfill the condition to the government of host country. The countries of the world can be broadly categorised in terms of four legal systems: The common law system derived from English law and found in England, the United States, and the British Commonwealth countries, which include Canada, Australia and New Zealand and the former British Colonies in Africa and India. The civil or code law system derived Roman law and found in most European nations, Japan and non- Islamic and non- Marxist countries. The Islamic legal system derived from the interpretation of the Koran and followed by Pakistan, Iran, Saudi Arabia and other Islamic nations. The Marxist legal system, found in Marxist socialist countries such as Russia, the republics of the former Soviet Union, Eastern Europe and China, as well as other Marxist socialist states who rely on economic, political and social policies as the centre of their legal systems (Keegan & Schlegelmilch, 2001; Cateora & Graham, 2002).

The legal environment of target countries is considered of great importance in terms of market selection, due to the detrimental impacts court of law

decisions related to issues such as foreign exchange rates, expropriation and intellectual property rights can have on the foreign investor wood Keegan and Schlegelmilch (2001) highlight further legal issues significant to market selection in the form of establishment, jurisdiction, patents, trademarks, licensing, antitrust and bribery.

Evidently the global legal setting is very dynamic and complex. It is imperative for the international marketer to understand the various types of legal systems he/she may encounter as well as the various threats the company is open to in undertaking global transactions.

Economic stability: The economic development and performance of a country is a further issue the international marketer needs to consider in international business. The stage of economic growth within a country affects numerous facets of firms’ international strategies. Economic growth affects a countries attitude towards foreign business activity, the demand for goods and the distribution system found within the country (Cateora & Graham, 2002).

Market size: A direct measure of market size can be computed from local production, minus exports, plus imports. An indirect measure can be derived from he widely available GNP measure, population size, growth in GNP, and imports of relevant goods (Johansson, 1997).

Market growth: Some of the more common techniques are as follows: demand pattern analysis; international product life cycle; income elasticity measurements; proxy and multiple factor indices (De Burca, Fletcher & Brown, 2004).

Competitive intensity: The number of competitors in the market, and the relative size distribution of market shares can measure level of competition. Competition is generally toughest where a few large domestic companies dominate the market.

Competitive entry: When the aim of a foreign entry is competitive, the plan can be to attack cash generating home market for a competitor or another market where a competitor is dominant. In other cases, the aim is to pre-empt or disrupt a competitor's entry into a new market by entering first or increasing the firm's market support. In either case, the choice of country is often a given. However, the firm must recognise the resource implications of fighting these kinds of battles.

Entry barriers: Entry barriers are present to protect domestic industry or to ensure that companies entering from foreign markets conform to trade relation's arrangements with other countries (Johansson, 1997).

Culture: Culture is integral to the marketing concept, which is based on satisfaction of wants and needs of potential buyers. Not only does culture condition these wants and needs, but it also impacts on the way messages concerning the ability of the product or service to satisfy the needs and wants, are received and interpreted (De Burca, Fletcher & Brown, 2004). This is even more so in international markets, where cultures differ markedly from one international market to another (Wood & Robertson, 2000). Culture pervades all elements of the marketing mix-product, pricing, promotion, and distribution- and the acceptability of each of these elements will be judged in the context of the culture that they are targeting.

Infrastructure: Issues to be considered here include the extent and nature of the export market's physical distribution infrastructure. Reasonable logistics links should exist both between the domestic and international market and within the international market.

Conclusion: The self reference criteria must be the ultimate technique to continue operation of business and to the goal of the business. The impact of operating in the foreign country may face some barriers and the barrier must be overcome efficiently. The most important thing is that the company always needs to adapt the adjustment quickly and must make goods at a lower price.

(B) Why should the international marketer have knowledge of sub cultural groups when attempting to segment markets in a particular country or region. Use examples in your answer.

Market Segmentation: The division of a market into different homogeneous groups of consumers is known as market segmentation.

Rather than offer the same marketing mix to vastly different customers, market segmentation makes it possible for firms to tailor the marketing mix for specific target markets, thus better satisfying customer needs. Not all elements of the marketing mix are necessarily changed from one segment to the next. For example, in some cases only the promotional campaigns would differ.

A market segment should be:

Measurable

accessible by communication and distribution channels

different in its response to a marketing mix

durable (not changing too quickly)

substantial enough to be profitable

A market can be segmented by various bases, and industrial markets are segmented somewhat differently from consumer markets, as described below.

A. Consumer Market Segmentation

A basis for segmentation is a factor that varies among groups within a market, but that is consistent within groups. One can identify four primary bases on which to segment a consumer market:

Geographic segmentation is based on regional variables such as region, climate, population density, and population growth rate.

Demographic segmentation is based on variables such as age, gender, ethnicity, education, occupation, income, and family status.

Psychographic segmentation is based on variables such as values, attitudes, and lifestyle.

Behavioral segmentation is based on variables such as usage rate and patterns, price sensitivity, brand loyalty, and benefits sought.

The optimal bases on which to segment the market depend on the particular situation and are determined by marketing research, market trends, and managerial judgment

B. Business Market Segmentation

While many of the consumer market segmentation bases can be applied to businesses and organizations, the different nature of business markets often leads to segmentation on the following bases:

Geographic segmentation – based on regional variables such as customer concentration, regional industrial growth rate, and international macroeconomic factors.

Customer type – based on factors such as the size of the organization, its industry, position in the value chain, etc.

Buyer behavior – based on factors such as loyalty to suppliers, usage patterns, and order size.

C. Profiling the Segments

The identified market segments are summarized by profiles, often given a descriptive name. From these profiles, the attractiveness of each segment can be evaluated and a target market segment selected.

The Need for Market Segmentation

The marketing concept calls for understanding customers and satisfying their needs better than the competition. But different customers have

different needs, and it rarely is possible to satisfy all customers by treating them alike.

Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication. The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers. If firms ignored the differing customer needs, another firm likely would enter the market with a product that serves a specific group, and the incumbant firms would lose those customers.

Target marketing on the other hand recognizes the diversity of customers and does not try to please all of them with the same offering. The first step in target marketing is to identify different market segments and their needs.

Requirements of Market Segments

In addition to having different needs, for segments to be practical they should be evaluated against the following criteria:

Identifiable: the differentiating attributes of the segments must be measurable so that they can be identified.

Accessible: the segments must be reachable through communication and distribution channels.

Substantial: the segments should be sufficiently large to justify the resources required to target them.

Unique needs: to justify separate offerings, the segments must respond differently to the different marketing mixes.

Durable: the segments should be relatively stable to minimize the cost of frequent changes.

A good market segmentation will result in segment members that are internally homogenous and externally heterogeneous; that is, as similar as possible within the segment, and as different as possible between segments.

Definition of sub culture: In sociology, anthropology and cultural studies, a subculture is a group of people with a culture (whether distinct or hidden) which differentiates them from the larger culture to which they belong, for example, if a particular subculture is characterized by a systematic opposition to the dominant culture, it may be described as a counterculture.

As early as 1950, David Riesman distinguished between a majority, " which passively accepted commercially provided styles and meanings, and a ' subculture' which actively sought a minority style … and interpreted it in accordance with subversive values".[1] In his 1979 book Subculture the Meaning of Style, Dick Hebdige argued that a subculture is a subversion to normalcy. He wrote that subcultures can be perceived as negative due to their nature of criticism to the dominant societal standard. Hebdige argued that subcultures bring together like-minded individuals who feel neglected by societal standards and allow them to develop a sense of identity.

In 1995, Sarah Thornton, drawing on Pierre Bourdieu, described " subcultural capital" as the cultural knowledge and commodities acquired by members of

a subculture, raising their status and helping differentiate themselves from members of other groups.[2] Ken Gelder argued in 2007 that subcultures are social, with their own shared conventions, values and rituals, but they can also seem “ immersed” or self-absorbed; a feature that distinguishes them from countercultures.[3] Gelder identified six key ways in which subcultures can be understood:

Through their often negative relations to work (as ‘ idle’, ‘ parasitic’, at play or at leisure, etc.);

through their negative or ambivalent relation to class (since subcultures are not ‘ class-conscious’ and don’t conform to traditional class definitions);

through their association with territory (the ‘ street’, the ‘ hood, the club, etc.), rather than property;

through their movement out of the home and into non-domestic forms of belonging (i. e. social groups other than the family);

through their stylistic ties to excess and exaggeration (with some exceptions);

Through their refusal of the banalities of ordinary life and massification.

Example: China produces mobile phone at a lower cost than other mobile producer. It can serve a country with the lower price for the lower income people. It can easily attract a customer by their attractive features. China thinks for the lower earning people and made the solution.

In USA, Hong Kong, Singapore, and Japan they earned a great amount of profit. But why they failed in France? Disney management started a study and fined out that self Reference Criteria of American managers make the French people hart. As a result they do not used to be here in Parish Disney Park.

Not only in France out of every ten US managers eight have to replace from Saudi Arabia within three month of their joining. It is because they fail to cope with the Saudi culture and customs.

It is human nature that, everything want to judge according to self learning process and Cultural measurement. But a single thing can have different meaning in different culture. For example showing thumb carries the signal of all right to the western but it carries a serious negative meaning to the Bengali rural people.

For this reason a marketer in international market must have to convert his all thinking into the culture of the local people. Sometime marketer fails to make this conversion successfully as a result they fail to have local people attention and make huge loss.

Conclusion: The international marketer must consider the needs of the minor culture group to be served with the product of the company. The company does not want to loss a single customer. The different kinds of sub cultural factors are considered to offer a product to consumers.