Influence of culture in marketing

Business, Marketing

How to defineculture? Culture is a system of shared beliefs, values, customs, behaviors and artifacts that the members of society use to interact with their world and with one another. It is a combination of thoughts, feelings, attitudes, beliefs, values, and behavior pattern that are shared by racial, religious, ethnic or social group of people. Anthropologist James Spradley believes culture to be :" the acquired knowledge people use to interpret experience and generate behavior". Culture can relate to a country (national culture), a part of a community (sub-culture) or an organization (corporate culture).

It is widely known that a person is not born with a culture, and thatculture is learnedthroughout a person's life. Culture includes all that a person has learned regarding values and norms , customs and traditions, beliefs and religion, rituals and artefacts (tangible symbols representing culture such as Tokyo Tower or The Eiffel Tower). Usually people make assumptions about a person's beliefs or behavior based on a single cultural indicator, especially race or ethnicity, when in reality, a person'scultural identityis a complex interlace of all the cultural groups he/she belongs to, groups that influence his/her values, beliefs, and behaviors. Often culture is thought of as thefood, themusic, clothing and holidays a groups of people share, but it is much larger actually than just the visible traditions. I. Material and Imaterial culture Material culture refers to the actual cultural objects that are made by man whereas imaterial culture refers to cultural ideas, myths, stories, cultural attitudes and behaviors. „ A difference in the speed of development of material culture might lead to a cultural lag where two parts of culture no longer correspond.

” Material culture has two important components: technologyand economy. Technology includes the techniques used in order to create material goods. The technological level varies and the society that belongs to a certain culture has a level of technological knowledge that manifests itself differently. Economics represents the manner in which people use their capacities in order to obtain benefits. Economics include the production of goods and services, distribution, consumption, exchange tools and the income obtained due to public services. The way in which people work and consumption, is mostly determined by technology. I.

3 Culture and NationA nation or even a certain country represents a political unit whereas culture refers first and foremost to groups of people united in common history, social life and ideas not necessarily organized in a national political unit. There can be different cultures in one nation. I. 4 Cultural identity All people are members of a cultural group, and develop cultural identities based on those memberships and influences. There is a strong and well-defined culturally sustaining connection between geographical place and cultural experience. This connections constituted one’s and one’s community’s cultural identity. Cultural identity development is an ongoing process, as we are exposed to more and different sets of beliefs and values, and may choose to adopt ones that were not part of our original upbringing.

Cultural identity is built within the individual, but it is constantly influenced by the interactions among and between people in society. Cultural identity is formed by socio-cultural and historical perspectives that interact with psychological and intrapersonal characteristics so that all are present in

learning. Culture is part of the external influences that have a great impact on the consumer. That means that culture is represented by the influences that are inflicted on the consumer by other individuals. Culture is a complex whole which includes the following elements: knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by a person, member of a society. I. 5 Dealing with culture Culture is a problematic issue for many marketers since it is inherently unclear and very often culture is difficult to understand.

One may break the cultural norms of another country without being informed, and people from different cultures might feel uncomfortable in each other's presence without knowing exactly why (for example, two speakers may unconsciously refer to one another with different honorifics). When observing a culture, an important issue to be careful about is not to over-generalize about traits that one observes in the respective culture. There are often significant individual differences between cultures. There is a tendency for people to stereotype cultures in a way or another (e. g. individualistic rather than collectivistic). I.

Characteristics of culture Culture being a complex and important phenomena we can point out several characteristics of culture: •Culture is a human achievement (not of a single individual but of the whole social group) Social: it is a social heritage that an individual receives and at his turn must transmit. Things that are private are not part of culture. Laborious: culture is intricate and rich in detail therefore it has to be possessed with much personal effort. One has to learn the language, support the present type of

government and understand and reinterpret the scientific method for every generation. •Culture is comprehensiveAll parts must fit together, having a certain logic. For example, bowing and the strong desire to avoid embarrassment (Japan) are unified in their manifestation of the importance ofrespect•Regarding its form, culture is sensible, dynamic and creative Culture is sensible because all the manifestations even the most spiritual is perceptible to the senses, aspoetryand music, it is dynamic since it is in continuous development and transformation, following the nature of the social groups that may be in process of expansion or contradiction, and it is creative because it represents an authentic product of a person's mind and thoughts. I.

7 Elements of culture The elements of culture are represented by the things that all cultures have in common. •Social Organization Social Organization means organizing a culture's members into smaller groups such as: families, friends, religious groups, social classes, occupation, interest groups, etc. Social organization of a group includes how people interact, the kinship systems they use, marriage residency patterns, how they divide up the various tasks that need to be completed, who has access to specific goods and knowledge, what ranking strategy is being used. Customs and traditions The customs and traditions of a culture are represented by the rules of behavior, written or unwritten. Groups have their own traditions . They are a specific practice of long standing or an inherited pattern of thought or action. •Language Language is a system of signs that is seen as having itself a cultural value.

Speakers identify themselves and others through their use of language; they view their language as a symbol of their social identity. The prohibition of its use is often perceived by its speakers as a rejection of their social group and their culture. Language symbolizes cultural reality. Language is the main feature of a culture or a society. Language reflects the nature and the values of a culture. Learning the language of a society contributes to understanding the respective society. •Law and Politics As with many aspects of Terpstra and Sarathy's Cultural Framework, the underpinning social culture will drive the political and legal landscape.

The political ideology on which the society is based will impact upon your decision to market there. For example, the United Kingdom has a largely market-driven, democratic society with laws based upon precedent and legislation, whilst Iran has a political and legal system based upon the teachings and principles Islam and a Sharia tradition. •Arts and literature. Aesthetics Aesthetics represents the ideas of a certain culture regarding beauty and taste the way these are represented in art, folklore, music, drama, dance, and the specific appreciation of shape and color. The international trader must have a special interest in aesthetics due to its role in interpreting the meaning of certain symbols, distinct methods of artistic expressions, of colors and beauty standards, regarding each culture. Art is a process of product of deliberately arranging elements in a way they affect the senses or emotions. It encompasses a diverse range of human activities including: music, film, literature, photography, sculpture and painting.

Teaching art is equal to teaching about culture's values, it helps promoting cultural pride and unity. Religion Religion is one of the most sensible elements of culture. Religion defines the lifetime ideals reflected through attitudes and society values. Religion is at the base of the cultural similarities between cultures that share the same religion. Religion like culture, consists of systematic patterns of beliefs, values, and behavior, acquired by people as a member if their society. These patterns are systematic because their manifestations are regular in occurrence and expression: they are shared by member of a group. Norms Norms are rules that recomand or forbid certain behaviours in specific situations.

For example the way people dress in diferent conjunctures. •Values The values of a culture represent the beliefs and opinions regarding what is " good" or " bad" in human behaviour. Esencial values of a culture are the ones common in all its individuals. In marketing, the esencial values of a culture define the way in which products are seen, used and it represents the way in which relations are established on the market. Understanding cultural differences is critical to international business success. Dimensional models of culture try to explain the impact of different value systems on people's perceptions of, and reactions towards certain events. Dimensional models of culture such as Hofstede's (1980, 2005) five dimensional model and Fons Trompenaars and Charles Hampden-Turner's (1997) seven dimensional model represent guidelines for expectations and behaviours during intercultural encounters.

Hofstede's (1980) model of national culture is widely used to identify such differences. The cultural dimensions identified in Hofstede's model, however, are not gender-specific, with one exception, masculinity/femininity. Hofstede's data were gathered in the late 1960s and early 1970s. Considerable change has taken place since that time, particularly in the areas ofeducation, legislation, and workforce composition. It is proposed that these changes, among others, may have resulted in gender differences in dimensions of national culture. Hofstede’s research demonstrates a wide range between the most individualistic and collectivistic countries. I.

8 Hofstede’s dimensions. Gert Hofstede , a Dutch researcher, has conducted a research by interviewing a large number of IBM executives in various countries, and found out that cultural differences tended to center around five key dimensions: 1. Power Distance Index (PDI) The PDI represents the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below not from above. It indicates that a society’s level of inequality is supported by the followers as much as by the leaders. Power and inequality, are fundamental facts of any society, all societies are unequal, but some are more unequal than others. 2.

Individualism (IDV) IDV represents the degree to which individuals are integrated into groups. On the individualist side there are societies in which the bond between individuals is loose: everyone is expected to take care of him/herself and his/her immediatefamily. On the collectivist side, we find societies in which people are integrated into strong cohesive in-groups, often

extended families (with uncles, aunts and grandparents) from birth on. These in-groups continue to protect the individual in exchange for unquestioningloyalty. 3. Masculinity(MAS) Masculinity refers to the distribution of roles between genders which represents another fundamental issue for any society to which a range of solutions are found. IBM studies revealed that women's values differ less among societies than men's values.

Men values from one country to another contain a dimension from very assertive and competitive and maximally different from women's value on the other side, to modest and caring and similar to women's value on the other. The assertive pole has been called " masculine" and the modest caring pole " feminine". The women in feminine countries have the same modest, caring values as the men whereas in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. 4. Uncertainty Avoidance Index (UAI) UAI refers to a society's tolerance for uncertainty and ambiguity. It shows to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are new, unknown, surprising, and they differ from the usual.

Uncertainty avoiding cultures, try to minimize the possibility of such situations by imposing strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in the absolute Truth; " there can be only one Truth, and we have it". People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous

energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions that are different from what they are used to. There are as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by theirenvironmentto express emotion 5. Long Term Orientation (LTO)LTO versus short-term orientation: this dimension was found in a study among students in 23 countries around the world, using a questionnaire designed by Chinese scholars. Values associated with LTO are thrift and perseverance; values associated with Short Term Orientation are respect and tradition, fulfilling social obligations, and protecting one's " face".

Trompenaar's five cultural dimensions derive from different angles such as the attitude towards both time and environment, Trompenaars employed these five cultural dimensions relating them to the question of inter-personal relationships and work relates values. . Universalism versus Particularism In cultures with high universalism there is an emphasis on formal rules and contracts and to their application regardless of individual circumstances. In high particularism cultures the emphasis is on relationships and trust: rules may be bent to help a friend. 2. Communitarism versus Individualism In strongly communitarian cultures people regard themselves as belonging to a group, whereas in cultures with strong individualism people regard themselves as individuals. 3.

Neutral versus emotionalA high neutral culture is one in which emotions are not readily expressed in interpersonalcommunication. In contrast, a high

emotional culture is characterized by the free expression of emotions even in a business situation. 4. Specific versus Diffuse A specific culture is one in which a distinction is made between work and private life. In difuse cultures work and private life are closely linked and great deal of formality is maintained across a wide-range of social situations. 5. Achievement versus ascriptionAll societies accord some of their members more status than others, but the principle for doing so varies, An achievement oriented culture is one in which status is given to people on the basis of how well they have performed their tasks recently, their level of education and experience.

In an ascription-oriented culture status is conferred on the basis of durable characteristics such as age, kiship, and gender therefore status differences are more pronounced. According to Trompenaars, these five value orientations greatly influence people's ways of doing business. The following two tables represent an example of Hofstede's and Trompenaar's cultural dimensions. The first table, Table I, show Trompenaars and Hampden-Turner's cultural dimensions for Anglo Nations, and the second table, Table II shows Hofstede's country cultural dimensions. I. 9 Values and culture For some time it has been understood that different value orientations cause variations in preferences for products and brands. The values of the consumer and the marketer are defined by the culture they are from, despite the importance of understanding the value concept and culture.

II. International market places II. 1Globalizationof markets and competition: Trade is becoming an increasingly global phenomena today. Many elements affect globalization and its impact on countries organizations and people.

There are several reasons for this. The first primal reason for this is technological because of the improvement in transportation and communication opportunities today, and because of this, trade has become more practical. Thus, consumers and businesses now have access to the very best products from many different countries.

Increasingly rapid technology lifecycles also increases competition among countries regarding the most innovative methods of production. In order to accommodate these realities, countries have taken increasing steps to promote global trade through agreements such as The General Treaty on Trade and Tariffs, and trade organizations such as World Trade Organization (WTO), North American Fee Trade Agreement (NAFTA), the European Union (EU) and The Agreement on the South Free Trade Area. The competitiveness of people and companies depend more and more on their ability to create new assets, attraction for foreign investment and the new trend in international migration as people seek a better life. These factors, when combined with a political capacity to adapt and change, are supplementary elements to be considered in the globalization debate. Beside these aspects there is a need to establish and promote international organizations which provide the necessary framework for globalization of business to take place. II. 2 Assessing Foreign Markets In general, when considering international/global marketing, an organization faces five major types of decision making.

1. Before expanding the organization’s operations in an international environment, one must determine whether the organization’s resources are

compatible with the foreign market opportunities. 2. The second consideration that must be taken in account is the market selection decision, that is, which foreign market or markets to enter. 3. The third decision concerns the ways in which the organization decides to penetrate the selected market/markets and also the operational consideration in the attractive markets. 4.

The fourth, the marketing mix decision, considers the appropriate product, promotion, price and distribution programs for the selected markets. 5. Finally the marketing organization decision determines the most suitable way for the organization to achieve and maintain control over its international business operations. Once a suitable market has been chosen to enter, the difficult task is to collect data related to the market otential and environmental forces of each culture. II. 3 International marketing strategies An organization working on an international market operates in an environment of opportunities and threats in which developing appropriate international marketing strategies is a necessity in order to be able to compete with other organizations while providing value to customers. In such circumstances the organization usually responds by developing new products or by adapting existing products to the needs of the customers and the international markets.

International marketing means deciding which markets to enter and develop and the sequence and timing of enter international markets”. A very important issue is for the organization to decide on how to enter the international markets. Some businesses do not bother formulating

strategies, they prefer to respond to situations as they arise. There are many real and significant advantages to having coherent and well-prepared strategies. Activities can be better coordinated, the resources are allocated efficiently, activities can be monitored and controlled. The clearer the strategy, the more obvious are the objectives that need to be reached for successful implementation. It is particularly important not to neglect strategy matters until forced to do so by an unexpected problem (loss of major customers, failureto penetrate the new market, etc) that indicates that the company's current activities and approaches are inadequate.

A company without a strategy is not well prepared to adapt its activities to meet the demands of rapid international environmental change. The process of formulating and implementing strategies can viewed as a continuous cycle. It begins with a statement of the mission of the business, its fundamental purpose, why it exists, and what it wishes to do. Resource planning is also important in setting up a strategy, the examination of available resources and the determination of additional resources necessary to attain the company's objectives. Another important element that needs to be taken in consideration is risk assessment, relating the probabilities of the success of various courses of action to the company's overall objectives and activities. An essential component of such an assessment is an analysis of the company's assumptions about the stability and prospects of the markets in which it plans to operate. Risk assessment is important in order to minimize and prevent the risks of several projects failing at the same time.

Budgeting is also an element to take in consideration, including both expenses and incomes for all of the markets the company expects to be involved in. Also operational plans for each component of the marketing mix should be drawn up. II. 4 International marketing environmentThe international marketing environment is a mix of demands and constrains which an organization faces as it tries to compete and grow. All marketing activities occur with legal, economic, cultural, political and other environments to which strategies and policies must relate. Marketers need to operate within the constrains of such an environment, and in the case of international marketing there will exist more than one environment constraining the company at a time. Identifying customer's values in international markets requires a profound understanding of customer needs, many of which are influenced by culture.

In the international marketing environment the organization might have a number ofgoals(for example the organization might attempt to position itself as a leader in the targeted market). Regarding objectives and targets the organization might want to set three or five year objectives which it considers achievable. Types of objectives to consider: •Maximizing the organization's efficiency by removing internal and external impediments to international product-market development; •Standing out from existing and future competitors in selected international markets; •Long-term financial balanceAfter establishing opportunities on different markets, there are a few questions that should be asked: how to penetrate the respective markets? How to upgrade the position on the market? II. 5 Consumer behavior and culture Studying consumer behavior helps organizations and firms improve

their marketing strategies by understanding problems such as:

•Thepsychologyof how consumers think, feel, reason and select between different alternatives •The psychology of how the consumer is influenced by his/her environment (culture, media, family, friends, education etc. •The behavior of consumers while shopping or making other marketing decisions •How consumersmotivationand decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer •How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer. Consumer behavior also represent " The study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society". Consumer behavior occurs either for an individual or it can occur in the context of a group (e.

g. entourage can influence the type of clothes one wears) or an organization (people on the job make decisions as to which products the firm should use). The use of marketing research in cross-cultural context is necessary in order to assist a marketer in reducing potential errors, especially those problems that might appear in cross-cultural research when testing the role that certain sociological constructs play in consumer behavior. Culture affects what people buy (local tastes, historical traditions, etc) when they buy (spending booms around national holidays), who does the purchasing (based on gender men or women), and the overall pattern of consumer buying behavior. According to Bennet and Blythe, culture affects consumer behavior

in relation to: •Which consumer needs are felt more intensively •Which family member take which purchasing decisions •Attitudes towards foreign supplied products •The number of people who will purchase an item during the introductory phase of its life cycle •The segmentation of national marketsOn a larger level, cultural influences are evident in some aspects of a country's demographic make-up and in authority and status system that emerge from management styles of companies. II. 6 International Marketing Mix When launching a product into a foreign market there is always the question one must ask: should the product/ service be standardized or adapted.

A company can adopt to use a standardized marketing mix around the world or can choose an adapted marketing mix in each country. Basic marketing concepts explain that a company will sell more products if the company aims to meet the needs of the targeted market. In international markets, a company has to take in consideration the consumer's cultural background, buying habits, levels of personal income, etc, in order to conceive a marketing mix program to suit the specific consumer's needs. When it comes to standardization arguments suggest that if the company goes through the process of adapting the product to the local markets, the results will add to the overall cost of producing the product and this will result in weakening the brand on the global scale. In today's world, consumers have more access to the international world, consumers communicate and shop internationally over the internet, this resulting in the world becoming a much smaller place. Taking this in consideration, there is no need to adapt products to local markets. Brands like Coca-Cola, Nike, Levis, are all successful brands where

they have a standardized approach to their marketing mix, all these products are targeted at similar groups globally.

There are many circumstances where a company will have to adapt its products and marketing mix to the local market and local consumer's needs. McDonald's is an international player however their burgers are adapted to local needs. In India where the cow is a sacred animal McDonald's burgers are made from chicken or fish. In Japan burgers come with wasabi sauce and in Mexico burgers come with chilli sauce. Another example is of Coca-Cola, in some countries it tastes sweeter then in others because of costumers demands (Canada). Standardization is said to be better for a company because it reduces costs, however many companies will have to " think global but act local" if they want to successfully establish themselves in foreign markets. II.

6. 1 Influence of culture on product strategy There are a large variation of decisions regarding the product, the brand, the wrapping, the tag, bails and services offered and positioning. Regarding the product itself the most important characteristics influenced by culture are the ones regarding product proportions, shape, the content of the roduct, quality, methods of usage, colors. The size, the capacity or volume of the product is influenced by the market and the economic environment and usually it needs distinct solutions for each market. Choosing the metric system is one of the most important factors (e. g. Japanese have small hands and feet whereas Europeans have larger hands and feet, producers need to take such facts into consideration).

Even though in certain countries there are many similarities in the consumer's preferences, there are significant differences regarding size and capacity of products (e. . regarding the European Union, there are big differences regarding the preferences in the acquisition of washing machines: Italians prefer washing machines with a capacity of 4 kg, British prefer washing machines with a capacity of 5 kg and German and Swedish prefer washing machines with a capacity of 6 kg) Another important element of the product decision making is represented by its shape. Regarding this, symbolismis a key factor in the product decision making. Symbols have their origin in traditions and rituals. If the symbolic attribute of a product is perceived as being negative, then the product must be changed (e. g.

In the Middle East round or square shapes are accepted but six pointed stars are being avoided). The actual content of the product is also influenced by culture (e. g. Muslims don't consume alcohol or pork therefore in Islamic cultures animal fat is replaced with vegetal fat ; if there is a large rate of illiteracy then products must be simplified). A product can have various utilizations on other markets by adapting the original product to local cultures (e. g. he American company Dunkin's Donut was unsuccessful in Brazil because locals usually don't have breakfast, therefore the company adapted its products to the markets needs).

Another important feature of a product is the colors used. The colors used can be a distinctive element of the product (e. g. Rolls Royce uses shimmery silver in order to create a luxurious image; Pepsi Cola encountered problems when changing the colors of the wending machines, in South-East Asia, from

dark blue to bright blue; in south east Asian countries bright blue can symbolize mourning or death). The products offered on a certain market must correspond with the legal, social and religious laws of the respective culture (e. g. In Japan, products that contain formaldehyde are strictly forbidden whereas in other countries they aren't).

The brand is influenced by the following cultural elements: language, aesthetics and cultural values. The brand's name is influenced by the language of the country the brand is being marketed to. If the name of the brand isn't translated appropriately, its meaning can have a negative connotation (e. g. the expression " no va" in Spanish means it doesn't work whereas in Italian " nova" means new). The same word in a language can have a totally different meaning in another language. In countries with high nationalism level, one must use local brands in order to have access to the local market (e.

g. Vietnam imposed that all brand names used are to be local names). The image of a country can vary regarding its cultural values (e. g. Germany is known for its car industry, SUA for fast-foods, cigarettes, chewing gum, Switzerland for chocolate or clocks, France for fashion and perfumes). In certain cultures, the image of the country is associated with high level of quality, seriousness andprofessionalism. The decisions regarding wrapping are decisions regarding packaging shape, structure, color and size (e.

g. Americans and Japanese prefer canned beer whereas Europeans prefer bottled beer). Packaging size varies depending on market conditions and consumer buying patterns. In countries where people have a low income,

goods are sold per piece and not in packages with more than one product. Regarding color, African countries prefer vivid colors although the color red is associated with witchcraft and death. The color white isn't a preferred color in developed countries because of the possibility of confusion regarding generic products. Black is color that has been increasingly been used because it suggests quality, excellence and " class".

Material culture influences packaging decisions due to existing packaging technologies, materials available, infrastructure or the usage of tougher wrapping. The writing used on the tags of the product must be in the language of the country where the product is marketed especially if the tag contains important information for the consumer. Also the symbols used on tags and packaging usually have origins in the traditions and the culture of the country where the product is to be marketed (e. g. n India elephants, tigers and sparrows are used as a commercial brand for product tags). In countries where illiteracy is at a high level, tags must be created accordingly. After sale service and guarantees are established depending on the countries cultural values and material culture.

In countries where people believe in fate, using after sale service and guarantees as a way of reducing risk associated with luck (Japan), is less efficient than in countries where people believe that the future can be controlled (Germany). Brand positioning is made depending on the cultural values of each society (e. g. n France Renault is underlining the pleasure of driving a car whereas in Germany, where the acquisitioning of a car is a serious matter, Renault highlights safety, modern technological features and

comfort). II. 6. 2 Influence of culture on price strategy Pricing on an international scale is difficult.

Traditional price consideration must be taken in account as well as competition, company objectives, fixed and variable costs, target group and willingness to pay. The company needs to consider transportation costs, any import taxes that may be put on their product, currency to be paid in and exchange rate fluctuation. Other factors that must be taken in consideration when considering price strategy include local incomes, the general economic situation of the respective country and how the economic situation influences pricing. Today internet is making pricing more and more transparent for the consumer because goods can be purchased online from any overseas company at local currency prices, a good example for this would be amazon or ebay which deliver internationally. There are certain aspects regarding pricing that can be influenced by culture such as: price-quality relationship, credit policy, price wars, price negotiations and price margins. Price-quality relationship can be interpreted differently in different cultural environments. Peterson and Jolibert identified a very powerful correlation between price and quality in France and the United States.

In certain countries, the unethical behavior of certain organizations price is not always perceived as quality (e. g. Eastern Europe, countries from Latin America). Cultural values influences the way in which consumers perceive the price as an indicator of quality. Credit Policy is influenced in many countries by religion. In the Islamic world, usury is forbidden therefore using credit as a marketing instrument is replaced with cutting down prices in

cash. In Eastern Europe, a small price concession made by animportant person inthe final stages of a negotiation may lead to closing a contract.

In the United States, price concessions are offered on a limited period of time and they take a price margin in order to cover certain contract risks. The effects of the country of origin can influence the price decision. In a study made by Cattin and some collaborators, it is shown that managers associate manufactured products with the collocation “ Made in…”. Higher prices can be used in the situation in which the image of the product is a positive one. Certain norms influence intermediate’s inclination towards price wars. Price wars can create economically devastating situations, that take an extraordinary toll on an individual, a company, and industry profitability (e. g.

San Diego based PC maker Gateway versus competitors like Compaq Computers, Dell Computers, IBM, Hewlett-Packard, Sony or Toshiba). Establishing prices can be a pretext for negotiation. In the Islamic world, lack of bargaining is considered an insult. In Africa, negotiators that try to quicken the negotiation pace are looked at with suspicion, because rashness gives the impression ofcheating. II. 6. 3 The influence of culture on distribution strategy The decisions regarding distribution channels cover domains such as distribution channel structure, distribution channel relationship management and sharing sales turf.

Distribution channel structure is influenced by buying habits and material culture. In the United States Avon uses direct sales channels because this allows consumers to take decisions at home or at the work place. In other

cultures like Asian or European, this method is an attempt to the consumer's privacy. Internet represents another direct sales possibility. Sales on the internet aren't very high because customers need to convey personal information when making the acquisition (in Germany only a third of the internet users shop online) . In Japan for example there are approximately five different types of wholesaler a product goes through before the product reaches the final consumer. It is important for the company to find out first whether the international market is dominated by major retailers or is it the retail sector made up of small independent retailers.

Also it is important to find out whether internet could represent a possible distribution channel. A country's infrastructure represents a big influences regarding distribution. The way and the number of whole sale traders, the existent warehouses, transportation systems, determine the selection of proper distribution channels. If local distribution facilities aren't sufficient, the company will have to attain direct distribution or it ill have to use special wrapping for extra protection. Managing distribution channel relations is influenced by values, traditions, customs and education. Rosson and Ford show us that these relations are characterized by formalities, standardization, reciprocity, contact and conflict intensity; the quality of the relations is influenced by cultural distance. They say that cultural distance can be overcome by growing the intensity of contacts and reciprocity.

People treat other in the same way they are treated by others. Japanese have a long term orientation that makes the quick change of intermediates difficult even if superior products or convenient prices are offered.

Intermediate functions are influenced by cultural values and social organization. Wadinambiaratchi describes the distribution systems in 6 different cultures (Venezuela, Turkey, Egypt, Japan, India and tropical Africa) and shows that intermediate functions are influenced by cultural values and social organization. The behavior of the channel members can be determined by the feelings of pride they feel towards their own culture and local traditions. II. 6.

The influence of culture on Promotion strategy Culture has the biggest impact on promotion policy, because culture is in the middle of all social interaction processes. Regarding the international product decisions, a company can either adapt or standardize their promotion strategy and message. Advertising in foreign countries may have to be adapted because of language barriers or the current message used in the national market may be offensive to consumers. The use of certain color may also need to be thought about. In India red is the color worn by brides in weddings, white is the color of mourning in Japan. The level of media development has to be taken in consideration as well. When it comes to promotion strategies, a company must take in consideration the following elements: to what extent the local television established in the host country, the level of television penetration, the control of the government on advertising on TV and radio, whether print media is more popular than television.

Advertising environment can be influenced by material culture, which limits the available sustentation. In developed countries the entire media scope is available from TV to radio and press, cinema or advertising panels.

Regarding developing countries some of these media channels might be missing such as press or television, especially in rural areas. In some countries, even though all the advertising channels exist, sometimes these channels aren't available to use (in Norway, Sweden, Denmark, Finland, Swiss and Saudi Arabia, advertising through radio isn't allowed. Also advertising by using television is prohibited in Norway, Denmark, Sweden and Saudi Arabia). The content of advertising is strongly influenced by material culture, language, religion, education, traditions, customs and norms. Material culture can restrain theadvertisement's content.

Therefore, among the restriction imposed on the press and on the printed press we mention: editing differences, paper dimensions, size of posters, measurement scales, technical level of the printing machines, quality of printing and techniques used when printing. Colgate-Palmolive had to give up Eastern Europe when it came to prints because of bad paper quality. Language is one of the most important cultural obstacles when it comes to advertising. The most common problem is the misinterpretation and the mistranslation of the messages. Parker Pen used the literal translation of its slogan used in the Unites States for promoting its fountain pens in Latin America and it resulted in the misinterpretation of the message. Another example would be that of Bacardi which concocted a fruity drink with the name 'Pavian' to suggest French chic ..

. but 'Pavian' means 'baboon' in German. Misinterpretations or mistakes can appear even though using the same language. For example Canadian French is different from the French used in France, or British English is different form

American English. Religion plays a big role in the advert's message. Some cultures are more religiously oriented than other. In the United States, Pepsi Cola's Like a Prayer commercial featuring Madonna was banned because people were offended and because they confused the commercial with the song's video clip.

Most European countries didn't feel offended because of the commercial and in Europe the commercial wasn't banned. In many Islamic countries companies must take the fundamental Muslim concepts in consideration when doing a commercial. Amongst these concepts are human life supremacy (pet food commercial has less importance), high human values and sacred obligation towards parents. Education represents a big factor when it comes to influences on advertising. High illiteracy in many countries create serious communication problems and it demands more creativity and presence on audio advertising channels (radio, podcasts). Habits and preferences for certain advertising channels represent a big factor when deciding the main channels to use for communicating a message. Television is preferred in countries like Peru, Mexico, Venezuela.

Prints are preferred in the following countries: Kuwait, Norway, Sweden. Radio is the main advertising channel used in countries like: Trinidad and Tobago, Nepal, Honduras. Open air advertisements are preferred in countries such as: Japan, Bolivia, South Korea. In India and Argentina where cinema is very popular, cinema commercials are used by companies. Cultural norms make a difference in the humor used in a commercial. What can be taken as humor in one culture, in another culture it can be offensive. In some

countries like Great Britain, humor is often used in advertising, whereas in other countries like the United States or Canada, advertisements tend to be more serious.

Tradition and habit based perceptions are difficult to overcome. In Japan commercials where a man and a woman take a shower together are rejected whereas in the United States it is accepted and isn't considered a taboo. Advertising budget is influenced by material culture. In some countries limits regarding the expenses are imposed. In India for example, commercials that cost over 10, 000 dollars aren't allowed. Great Britain accused the companies Protecter & Gamble Co and Unilever for creating a duopoly situation when the spent approximately ? of their incomes on advertising. Some countries perceive taxes on advertising.

In Austria for example, radio commercials are taxed. The client agency relationship is influenced by the cultural values and by language. Some countries have restriction regarding an advertising agency's property rights. Indonesia, Nigeria and Pakistan don't allow foreign involvement. Venezuela, Colombia, Ecuador and Peru allow a minor foreign involvement of maximum 19% regarding advertising agencies. Using local advertising agencies has some local specific advantages. These agencies know the local environment and can adapt the commercials to local demands also language barriers are easier to overcome.

Regarding direct sales, these type of sales are influenced by culture especially regarding workforce, training of personnel, motivation and performance evaluation. Managing workforce is influenced by language,

religion, education, norms, values and social organization. Overcoming language barrier is a difficult task of the international salesman. Business is definitely going to improve if the business man speaks the customer's language. The image the working personnel has, can vary from a culture to another. In the United States for example, sales personnel project a positive image therefore, recruitment is made form universities. On the other hand, in Europe, in many countries it is very difficult to recruit sales personnel directly from universities because the occupation projects a negative image.

When an occupation is seen in a negative way, the quality of workforce might decrease. Training business personnel is influenced by norms and cultural values. American cultural values that affect the training process are: competition, personnel achievement, self confidence and time. Japanese cultural values that affect the training process are: group harmony, achievement and importance of relationships. Islamic cultural values include: personal achievement, reputation and age. In the international environment no person is motivated by the same factors. The motivation process is directly linked to cultural values.

In the American culture, competition, assuming risks, material possessions, self confidence and freedom represent motivational values. In the Japanese culture, group harmony, appearance and achievements are extremely important. Reputation, authority, and social status are motivational values in Islamic cultures. The evaluation process of performance depends on culture, because performance is assessed differently in every culture. Regarding the American evaluation process, open communication between manager and

employee is emphasized. In Japan, group harmony and relationships are important cultural values that are taken in consideration during the evaluation process. Performances are evaluated regarding the group's results.

The Islamic performance evaluation model emphasizes authority and age.