

# Cross cultural marketing communications



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## **EXECUTIVE SUMMARY**

This report addresses a project that elaborates Cross Cultural Marketing Communications with reference to Global perspective. It also includes an extensive study done on HSBC Pakistan enabling readers to closely understand the “ Think Global Act Local”. A major programme of market research was carried out to assess the same.

The main aim of this study was to explore the factors and considerations which give rise to local strategies development in marketing communications. In order to achieve the above mentioned primary & secondary both researches were carried out. In primary research qualitative research was carried out which includes interviewing marketing officials of HSBC bank. The data collected was analysed closely to produce valuable findings.

The research revealed that it is extremely important to have knowledge of local cultures and customs when entering in global business. The research identified substantial factors which matters while entering in a different cultured place. This confirmed that a general service like banking can also be moulded for customers in such a way that they will give preference to a service which cares about their local values.

## **INTRODUCTION**

Of all the business trends spilling over from the 20th to 21st centuries, that of globalization is the one most likely not to be labelled as a “ fad” after several years. The emergence of the global marketplace inevitably advances, bringing with it revolutionary change in the ways that many

organizations do business. Harvard's Theodore Levitt said more than a generation ago that the purpose of any business was to first attract, and then keep, a customer; globalization brings a wide range of possibilities to the process of attracting those customers.

In the process of attracting customers in international markets it of course is necessary for businesses to enter those nations where the markets exist. We can talk all around the cultural differences that exist among the world's people, but the bottom line is that people with different cultural backgrounds have different perspectives. The purpose here is to evaluate the statement.

The language of comparative management seeks to represent the management systems of the other. It pretends to be an objective representation of those systems, but it can only talk about them in a language informed by its own localized and historically situated ontologies, epistemologies and moralities (Westwood, 2001, 242).

And to examine the case of HSBC “ World's Local Bank” the practices of HSBC will be explored in context with the local culture of Pakistan and what changes were made in their Marketing and Advertising program exclusively for Pakistan, as Pakistan is one of important and emerging countries of Asia.

Since cross-cultural marketing is of great importance in this era of globalization many researches have been carried out in this field. Previous researches have not provided sufficient explanation for the cultural factors and practices of HSBC Bank Pakistan. This paper attempts to fill the gap by finding and studying the local practices of HSBC bank and how did they manage to cater the needs of local public.

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This paper starts examining the importance of cross cultural marketing efforts and the differences found in inter cultural markets. In chapter two consumers and the perception process is discussed with reference to cross cultural aspects. There are several issues which are to be explored in cross cultural marketing which will be discussed in chapter three. The case of HSBC bank and its claim of being world's local bank will be explored in chapter 4. At the end of this paper recommendations and conclusion will be given based on the research and literature review.

## **CHAPTER 1: BACKGROUND**

### **1. 1 Cross cultural marketing and its importance**

Futurists, marketing gurus, demographers, even social scientists generally agree that virtually all research, but especially marketing research, depends on the population involved, specifically the consumer. Books on the weekly best sellers list and the most popular television programs provide directional signals to the future. Trend expert and futurist, Faith Popcorn regularly asks her clients whether or not they know what their customers ate for breakfast, how many kids they have, what are they thinking about and what their the three biggest concerns in life.

“ If the answer is no, you don't know how to sell to them,” Popcorn (1996) says. “ To understand consumers, you have to know what they are eating, how they are living and how they are shopping. Listening to the customer, understanding what he or she is all about, will help you future fit your company” (pp. 7D). Generalities, Popcorn says, are what ultimately gives most companies grief. “ Mass market is over–the future is about

individualization,” she explains. “ We have entered a time of one-on-one or customized marketing” (7D).

It is simple commonsense to realize that such must also be the case in the process of cross-cultural marketing. To make assumptions about a particular target audience or market is flirting with marketing disaster. This is of even greater importance when the marketing is taking place across cultural barriers that might include language barriers, socio-economic status, religious beliefs, or other forms of restrictions that neglect to include the important component of who people are and what are the circumstances that have made them the way they are. The smart marketing professional fully researches and plans for cultural differences. Without that knowledge or without the understanding associated with such knowledge, the likelihood of a successful marketing campaign or product launch become increasingly more discouraging.

No single aspect of product and service customization is more important, or more obvious, than that of the unique differences encapsulated within the cultural differences and particular influences based on larger issues associated with the society in which the consumer is born, raised, and educated. Certainly, a consumer’s preferences are developed in light of his or her opinions and experiences that are then influenced by the realm in which that consumer’s own personality and preferences are shaped.

It is always important to remember, especially when looking at the larger product development framework that encompasses marketing that purchases are not necessarily about the item or service purchased. Of far

greater interest to the consumer are the costs, the utility, and the popularity of any given item and not necessarily in that order. Shopping and consumption have become tied up with far more factors than need, utility, or amusement. Complicated issues such as sexuality, status, and self-esteem are connected to the purchases of everything from cars to handbags. Regardless of whether such a statement is accurate for any single individual or particular group of individual . It is a fact of life in retailing, in marketing, in all aspects of human interaction for most consumers, especially those most influenced by the commercialism of Western societies.

As people across the globe gain better understanding of one another, it seems especially arrogant of an organization launching a marketing campaign without thorough research into the markets' characteristics and features. It is obvious why the best companies are often those with the best access to the best information. The Information Age has drawn the world together, in at least one way. The fact that people around the industrialized world are well-aware of the products and services that are desirable and exist in other parts of the world. Unfortunately, those selling the products, whether those are industrial machines or women's lingerie are less aware of their consumers than the consumer is of them. As long as that lack of equilibrium is in place, the marketer faces an uphill battle.

According to Ryan (1996), all too often, consumer research has been preoccupied with empirical issues and neglects the experiential perspective of consumers as individuals influenced by their cultures, upbringing, and lifestyle. This reflects a fundamental difficulty in consumer research that them leads to a lack of understanding of the context of the consumer's

cultural bias, preference, and understanding. The marketing specialist must always ask who or what is the consumer? However, the marketer must also be well aware of what factors have made the consumer think and act in the way he or she does. Without such an understanding of cultural issues, a product or service enters a market with a definite disadvantage.

Malhotra, Agarwal and Peterson (1996) also warn that methodological issues have had the historical tendency of restricting the most positive and forward-thinking progress of cross-cultural marketing research. Cross-cultural research is best addressed through specialized analytical methods such as structural equation modelling and conjoint analysis. New methods, however, should be based on validated theories to benefit cross-cultural research. Researchers are encouraged to develop new methods and theories that are based on the cultural circumstances they are dealing with, as well as the information that makes such cultural concerns different or in need of modification from any other marketing process.

The persuasiveness of any communication can be increased much more easily and dramatically by paying attention to the content (and the relation of that content to the dependent target variable) than by manipulation of credibility, attractiveness, fear, self-esteem, distraction, or any of the other myriad factors that have captured the attention of researchers in the area of marketing communication. Keeping these factors in mind, specific, qualitative research methodology must be employed in order to assure that the unique concerns of this equally unique culturally specific demographic are addressed. Recognizing that such a segment of the population requires a multi-faceted approach in terms of any meaningful research, the first

baseline data should be gathered from a cross-national diffusion analysis since basic cross-national or cross- *cultural* diffusion analysis plays an integral role in determining the success of newly-introduced products in the market.

According to Kumar, Ganesh, Echambadi (1998), evaluating cross-national/cultural factors does not only help firms determine market trends but also help them ascertain the period of time by which products are adopted in different parts of the country. However, it is safe to say that three key factors for successful cross-cultural business will always play a part in that atmosphere: recognition of the other party's difference, the need to remain culturally neutral, and respect for the cultural norms and/or behaviours regardless of potential emotional stress and discomfort. Marketing strategies must be sensitized according to the cultural norms and taboos of other societies, while considering their culture's languages, work schedules, tastes, religious beliefs and lifestyles. In most parts of Latin America, for example, social relationships must be established before the process of engaging in business.

## **1. 2 Inter cultural marketing differences**

Every society as a cultural heritage that prescribes certain broad patterns of behaviour. These patterns extend to such diverse areas as sexual roles, dress, food habits, recreation, patterns of authority, status symbols, artefacts, attitudes, motivation, and use of space and meaning of language. We are accustomed to the practices and configurations of our own culture and, when deprived of them, are often unable to deal effectively with our environment. (Kenneth & Runyon). Alvin Toffler refers the phenomenon of <https://assignbuster.com/cross-cultural-marketing-communications/>



culture shock as the psychological effect of suddenly finding ourselves without our accustomed cultural support.

Customs and culture can be even stronger than laws. When advertising to children age 12 or over was approved in Germany, local customs were so strong that companies risked customers revolt by continuing to advertise. (W Wells, Burnett J & Moraity S)

Every society has different set of cultures which companies and organizations have to keep in mind while developing their marketing and advertising strategies.

Companies that are starting to do business in the Middle East have to learn new selling methods because the region is so devoutly religious. There are major restrictions on how women are presented in advertising. Many Asian cultures emphasize relationships and context. To be effective, the advertising message must recognize these cultural differences. (W Wells, Burnett J & Moraity S)

Values in a society continually change and are sometimes dichotomous. For example, as the median age of the population increases (the aging of baby boom generation), modifications in values are readily evident. While being tolerant of sexuality and other more “ liberal” concepts, millions of Americans are, at the same time, returning to more “ traditional” values and embracing some form of religion or spirituality. After decades of materialism and self-indulgence, many baby boomers are searching for meaning. Even younger members of society are changing. Many have embraced greater levels of temperance in terms of drugs, alcohol and sex.

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The restructuring of values in society presents three challenges for marketing experts. The first is to monitor for changes so that the company is aware of what is happening in the society. The second is to create products and services compatible with changing values. The third is to design marketing messages that reflect and build on the value target markets and individual customers hold. (Kenneth Clow & Donald Baack).

## **CHAPTER 2: CONSUMER'S PERSPECTIVE**

### **2.1 Consumer behaviour to cross cultural marketing**

The development of any product or service will be dependant on the behavioural attitudes of the buy consumers. These may influence the development, demand change or impact on the way in which marketing takes place. The development of many different products and services can be seen to demonstrate these changes.

The way in which a purchase decision is made can be seen to encompass the different attitudes of a purchaser, and as such it will impact on the way the product is perceived and the need for companies to satisfy consumer needs or appeal to their desires.

Research into this area has identified that the process that goes on in this 'black box' is usually undertaken in one of two ways. This may be by the category-based evaluation or piecemeal processing (Hadjimarcou et al, 1999).

Category based decision making is a method of evaluating a product (Hadjimarcou et al, 1999). For example a consumer may be in a supermarket considering which brand of coffee to buy. The category based process will

involve the consumer will make use of the existing knowledge or memories that they already have regarding the product (Hadjimarcou et al, 1999).

They may remember that a particular brand of coffee was associated with fair Trade, or received a good review in a food and drink magazine. It is worth noting that this will also reflect political changes and different fashions or trends.

Advertising plays a part in this process as it gives the consumer a knowledge or perception of the product prior to the consumer arriving at the supermarket (Kahn, 1998). Even though this may not be remembered consciously the consumer may have this clue or memory stimulated when they see the packaging of a make, or make the association (Hadjimarcou et al, 1999). The advertising may be to associate with the product the company name or the brand.

One example of the way advertising may be used is that of Chevron, who probably spent five times the cost of its' environmental initiatives on publicity (Dadd and Carothers 1993, 483), many of which were legal requirements. Other companies, such as Body Shop (Bartlett C, 1991), or Ben and Jerry's (Zinkhan and Carlson, 1995), have embraced environmentalism more sincerely approaching it in differing ways and as such create a more positive image that may be remembered when making a purchase decision. These have been as a result of the increase public awareness of the need for care of the environment, which has been propagated by non governmental organisations as well as the government.

This shows how consumer states and behaviour change the way products are developed. If we consider the Bodyshop as an example, although the reputation was one of environmental policies and good practice, it was developed this way due to a perceived gap in the market, not out of an altruistic concern for the way business took place. Therefore, business follows the consumer demands. Likewise, Chevron cynically used the steps it was legally obliged to take to give an impression of an environmental business in order to increase its reputation and increase sales.

There are also other trends that we can see take place, one only has to look in a UK supermarket during a dispute with France to see the way that the impression given by French products and the association with the dispute will decrease the demand for them. Here we see that there is also a strong indication that stereotyping may play a role in the consumer choices (Hadjimarcou et al, 1999). This may be seen as a strange kind of justice, after all the advertising companies have been stereotyping consumers for long enough.

The second process is the piecemeal process, this may be seen as a more thoughtful approach, but it is still prone to influence form consumer behaviour (Hadjimarcou et al, 1999). In this process the consumer takes into account the different characteristics of the different products (Hadjimarcou et al, 1999). Our consumer looking for coffee may therefore look to see if it is decaffeinated, what the flavour strength and type is described as and possibly even the usefulness of the jar after the coffee is used.

Today it is popular for a shopper to look to buy tuna with a dolphin friendly label indicating that dolphins were not harmed in the catching of the fish.

The increased awareness of environmental factors has informed the consumers and increased the demand (Kotler, 2003).

The same may be said of many other product, hence the increased appearance of low fat foods and low sugar foods, emblazoned with labels to tell the consumer that they have the characteristics which the consumer may find as desirable.

The same is also true of health food, increased government and health advertising has emphasised the role of diet and health, as such there has been increased demand for products that are high in fibre, free of artificial preservatives and ‘ natural’.

The development of new ranges have also reflected changed consumer behaviour. A good example of this is the luxury food sold in supermarkets. These were once small lines with only a little interest shown in them. However, when the economy suffered a surprising event took place that indicated these were not ordinary goods but giffen goods.

Normal goods will see sales drop when either their price rises or there is a decrease in disposable income and the relative price can be seen as increasing (Nellis and Parker, 2000). When the economy took a downward trend these good increased in sales, with demand for a better selection. The pattern was seen as a result of a reduction in visits by the consumers to a restaurant, this was seen as an acceptable substitute, good quality food, already prepared, but cheaper as it was bought and then cooked at home.

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This was a piecemeal decision as in many cases the prices were compared either from memory and the purchase was considered, The change in behaviour also instigated new ranges and developments of increased provision of these luxury brands. For example in the UK, each supermarket now has its own luxury brand, such as Tesco with their finest range.

The aspect of price will also be seen as part of the process, this may be due to the perception of the brand as an expensive or cheap brand (stereotyping), as will the image of the product gained from the packaging and the advertising (Kahn, 1998). This was also a part of the rise of the luxury food market.

The need for information and the way this is acted upon can also influence markets. A good example of this may be seen as the Dyson vacuum cleaner. This was the first vacuum cleaner to be patented with a bagless system. Turned down by major companies such as Electrolux the company started up producing the vacuums in a shoestring, with straightforward advertising the took pace by way of an explanation of what the product was. This became a popular product, so much so that competitors, such as Hoover broke the patent to start supplying similar products due to the change in consumer tastes and their demand for this type of vacuum after understanding exactly what it was and how it worked.

These different decision methods may be seen as not mutually exclusive, they may interact with each other, and the decision maybe based on both, especially if the purchase is a large single purchase such as a television or a washing machine. However, they also embody the different behavioural

attitudes of the consumer which manifest in the different purchase decisions. It is only when understanding this complex interaction of values beliefs and trends that a company can develop products that will sell and market them in the right way to the right target audience. The change is often seen as driven by new products, but the real change can be seen in the way that the consumer behaves, after all, if a new product is developed, but does not succeed it will not impact on the overall market, whereas changing attitudes will force change in the suppliers.

## **2. 2 Perception based on cultural backgrounds**

“ Perception is important in communication because perception affects the way we understand events, others and ourselves. Our perceptions are unique because of physiological factors, past experiences, culture and co-culture, and present feelings and circumstances.”

Two computer programmers, each of the same race and from similar socioeconomic backgrounds, are likely to communicate with each other differently than if either was addressing a member of another culture or presenting a project report to a committee overseeing a project of which the programmers' work was a part. Communication can be complicated when those involved are merely from different regions of the United States. When they are from totally different countries, then often it is wise to adopt highly formal speech and manner so as not to inadvertently offend the other party.

We have found in recent years just how far the East is from the West in so many respects, including the manner in which different cultures go about conducting business. Following are examples from Germany and Japan.

German fortunes have risen and fallen throughout the 20th century, but Germany remains the wealthiest and most highly populated of all the European nations. Despite its former political divisions, Germany consistently has been known for more than a century for its precision engineering. Whether the product is Daimler or BMW cars, photographic equipment or Siemens Medical equipment and applications, German engineering has been and remains an envy of much of the Western world.

Germany's approach to engineering is not to reserve expertise only for the most promising or profitable industries, but to steep all of German industry in excellence. This tradition extends to textile machinery as well; Germany both imports and exports such machinery, commonly regarded as some of the best available in the entire world.

Business travellers would do well to equate the precision of German engineering to the manner in which Germans prefer to conduct their business transactions. They are precise in information and punctuality, and a business meeting is just that. It is not a social occasion; the issue of "small talk" is one foreign to them. Whereas zeroing in on the point of a meeting would be bad form in Japan or China, it is expected in Germany (Sabath, 1999).

Morrison, Conaway and Borden (1994) urge business people to remember that Germany's superlative engineering is not instantaneous, but is the product of a long, laborious process that literally can go on for years. "The German reputation for quality is based (in part) on slow, methodical planning. Every aspect of the deal you propose will be pored over by many



executives. Do not anticipate being able to speed up this process. This slowness extends through all business affairs. Germans believe that it takes time to do a job properly” (Morrison, Conaway and Borden, 1994; p. 130).

There is a vast difference between the business culture of today’s Japan and that which first set Detroit on its ear in the early 1970s. Then, quality was paramount, and Japanese businessmen were inscrutable. They spoke of quality, honour and courtesy, and they required any foreign business entity wishing to do business with them to convert to their approach, or at least adopt their approach in soliciting them.

Japan’s business culture is in a state of flux at the current time. Traditional values still hold great influence, but they are gradually being shoved aside by the realities of the state of Japan’s economy. Some things apparently never change, however. ““ Managers in Japan think that if people don’t know about something, then the best thing to do is cover it up,’ says Shuji Oida, a specialist in crisis management with Cosmo Public Relations in Tokyo” (Butler and Hadfield, 2000; p. 36).

Despite all of these changes, however, the traditional Asian perspective still is paramount in Japan. As stated earlier, the Japanese regard silence as a useful tool and not a reason for any discomfort. Perhaps the most problematic aspect of the Japanese personality is the reluctance to be negative at all. The statement, “ I’ll consider it” may well be a “ no” in disguise (Morrison, Conaway and Borden, 1994). The Asian character persists in Japan of course, though Japanese business is much more “ Western” than in the past. Connections are important, as is relative rank.

Traditions seem to fall away with each passing year in the US, but other areas of the world are far more committed to their own traditions. Whether springing from their long histories or their own views of their systems' superiority makes little difference. The fact of globalization is a stable one, and it will be necessary for anyone hoping to be successful to be fully aware of culturally-based differences in perceptions and how they colour communications between people.

## **CHAPTER 3: ISSUES IN CROSS CULTURAL MARKETING**

### **3.1 Language in cross cultural advertising**

The second model of international advertising emphasizes the cultural differences among nations. This school of thought recognizes that people worldwide share certain thoughts, but it also stresses the fact that these needs are met differently from culture to culture although the same emotions are basic to all humanity; the degree to which these emotions are expressed publicly varies. The camaraderie typical in an Australian business office are frowned on in Germany, where co-workers often do not use first names. The ways in which we categorize information and the values we attach to people depend on the things and settings in which we were raised. (William, Jhon & Sandra)

How do cultural differences relate to advertising? According to the high-context/low-context theory, although the function of advertising is the same throughout the world, the mission of its message varies in different cultural settings. The major distinction is because of high context cultures, in which the meaning of a message can be understood in a specific context, and low

context cultures, in which the message can be understood as an independent entity. (William, Jhon & Sandra)

This model helps explain the difficulties of advertising in other languages. The difference between Japanese and English are instructive. English is a low-context language. English words have very clearly defined meanings that are not highly dependent on the words preceding them. In Japanese, however, a word can have multiple meanings. Listeners will not understand the exact meaning of a word unless they clearly understand the following sentence that is the context in which words is used. (William, Jhon & Sandra)

Advertising message constructed by writers from high context cultures might be different to understand in low context cultures because they may offer too much detail to come to the point clearly. In contrast, messages authored by writers from low context are less difficult to understand in high context because they omit essential context details. (William, Jhon & Sandra)

Discussing the Japanese way of advertising, Takashi Michioka, president of DYR agency of Young & Rubicam and Dentso, put it this way: in Japan, differences among products, does not consist of explaining this words the point of difference is competing products as in America. Differentiation is achieved by bringing out the appeal in the commercial- the way they talk, the music, the scenery-rather than emphasizing the unique features and dissimilarities of the product itself. (William, Jhon & Sandra)

Companies that want to understand how consumers think and make decisions about products conduct sophisticated consumer behaviour

research, to identify their consumers, why they buy, what they buy and how they buy. (William, Jhon & Sandra)

It also is a visual road map for this chapter. We first explore the target market and then examine social, cultural, and physiological influences on the consumer behavior.

### **3. 2 Communication style in cross cultural advertising**

The influence of culture on communication is well documented by researchers in many disciplines. One of the most difficult challenges for international marketers is communicating to people of diverse cultures. Cultural differences may exist not only between nations but also within a nation itself. Such cultural and micro cultural differences present a formidable challenge to international marketing and advertising practitioners because the value systems, attitudes, perceptions and communication of individuals and groups are all culturally shaped or influenced (Samover & Porter, 1991; Tan, 1986).

As research indicates, advertising, a form of social communication, is also influenced by various elements of the originating culture (e. g., Frith & Wesson, 1991 ; Hong et al., 1987; Mueller, 1987; Rice & Lu, 1988; Tanseyetal., 1990). On the other hand, cultural values may determine the differential meanings that people derive from advertising messages (Cundiff & Hilger, 1984; Hornik, 1980; McCracken, 1986; Onkvisit & Shaw, 1983). Advertising may also shape or affect the values of its consumers over time (Ewen & Ewen, 1982; Ferguson et al., 1990; Pol lay, 1986, 1987).

In his research reports, Pollay stated that advertising was a “distorted mirror” in that it reflects only certain underlying values and lifestyles. He also noted that advertising was a “distorting mirror” as well, because it strengthened those values by providing reinforcement, and p. 108).

It is well documented in many disciplines (e. g., sociology, cultural anthropology, mass communication, marketing, cultural studies, semiotics) that advertising reflects and reinforces many of the social values, norms and stereotypes of its audiences (Coser et al., 1987; Holbrook, 1987; McQuail, 1994; Mueller, 1987; Vestergaard & Schroder, 1985). Two well-known semiotic researchers, Fiske and Hartley (1978, 1980) noted that advertising does not represent the researchers pointed out that advertising insists on an idealized goal of achieving personal happiness, success and security, and it does this by first depicting a world-o