

Self reference criterion concept



**ASSIGN
BUSTER**

Explain the concept of 'self reference criterion' and demonstrate its importance to a marketing firm planning to enter international markets for the first time. Why should the international marketer have knowledge of sub cultural groups when attempting to segment markets in a particular country or region.

Summary

Introduction

culture, generally interpreted, has been a major part of the course and so students should have little difficulty answering a question relating to the topic. Students should appreciate that the concept of

'self reference criterion' is of fundamental importance to cultural understanding and cross-cultural analysis. (7)

The primary obstacle to international marketing, particularly for those firms approaching international marketing for the first time, is a person's self reference criterion (SRC) in making decisions. Students should define SRC and the fact that it is an unconscious reference to one's own cultural values, experiences and knowledge as a basis for decisions. (7)

In particular students should be aware that the

SRC impedes the ability to assess a foreign market in its true light, which could possibly result in serious mistakes. (6)

When faced

with a problem or situation in a foreign culture, the tendency is to react instinctively referring only to our SRC for a solution. Our reaction, however, is based on meanings, values, symbols and behaviour relevant to our own culture, and usually different from those of the foreign culture. (9)

Students are expected to

illustrate the possible impact of the SRC, for example misunderstandings can occur about personal space between people of different cultures. This could also be related to high and low cultural context situations. (8)

Generally students should be aware that the

ethnocentrism resulting from the effect of the SRC could influence an evaluation of the appropriateness of marketing plans and the marketing mix for a foreign market. (6)

To avoid this, international marketing firms, especially those entering an international market for the first time,

need to conduct a cross cultural analysis of each situation and isolate the SRC effect and influence that causes the problems of an ethnocentric view of the marketing situation. (7)

Conclusion

References

Bibliography

Introduction

People from different parts of the globe tend to follow different cultures and behavior patterns. In Asian countries, some states have its own language and culture making it a highly diverse. The cultural environments do impact the marketing of the product or service. The needs and requirements of these differing cultural environments of the world are different and hence a successful product in one part of the world might turn out to be a failure at the other end.

Culture reflects our life style, behaviour and personality on the whole. The way we think, eat, dress, education, values etc are all cultural reflections. It's a fact that culture impacts marketing. The customer market needs to be properly researched and for this the idea has to be effectively communicated. One of the obstacle which can hamper communication is ' Self Reference Criterion' (SRC) and Ethnocentrism.

In this study will appreciate that the concept of ' self reference criterion' is of fundamental importance to cultural understanding and cross-cultural analysis

(A) Explain the concept of ' self reference criterion' and demonstrate its importance to a marketing firm planning to enter international markets for the first time. (50% of the available marks)

Culture

Much has been written on the subject of culture and its consequences. Whilst on the surface most countries of the world demonstrate cultural similarities, there are many differences, hidden below the surface. One can talk about “
<https://assignbuster.com/self-reference-criterion-concept/>

the West”, but Italians and English, both belonging to the so called “ West”, are very different in outlook when one looks below the surface. The task of the global marketer is to find the similarities and differences in culture and account for these in designing and developing marketing plans. Failure to do so can be disasterous.

Terpstran⁹ (1987) has defined culture as follows:

“ The integrated sum total of learned behavioral traits that are manifest and shared by members of society”

Culture, therefore, according to this definition, is part of the external influences that impact the consumer. That is, culture represents influences that are imposed on the consumer by other individuals.

The definition of culture offered one text is “ That complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by man person as a member of society.”

Much argument in the study of culture has revolved around the “ standardisation” versus “ adaption” question. In the search for standardisation certain “ universals” can be identified. Murdock⁷ (1954) suggested a list, including age grading, religious rituals and athletic sport. Levitt⁵ (1982) suggested that traditional differences in task and doing business were breaking down and this meant that standardisation rather than adaption is becoming increasingly prevalent.

Culture, alongside economic factors, is probably one of the most important environmental variables to consider in global marketing. Culture is very often hidden from view and can be easily overlooked.

Approaches to the study of culture

XXXXXXXXXXXX suggested a number of approaches to the study of culture; one of them including the Self- Reference Criterion (SRC) and an associated ethnocentrism.

Self- Reference Criterion (SRC) and an associated ethnocentrism

The key to successful international marketing is adaptation to the environmental differences from one market to another. Adaptation is a conscious effort on the part of the international marketer to anticipate the influences of both the foreign and domestic uncontrollable factors on a marketing mix and then to adjust the marketing mix to minimize the effects.

The primary obstacles to success in international marketing are a person's self reference criterion (SRC) and an associated ethnocentrism. SRC is an unconscious reference to one's own cultural values, experiences, and Knowledge as a basis for decisions. Closely connected is ethnocentrism, that is, the notion that one's own culture or company knows best how to do things.

Ethnocentrism is particularly a problem for American managers at the beginning of the 21st century because of America's dominance in the World economy during the late 1990s. Ethnocentrism is generally a problem when managers from affluent countries work with managers and markets in less

affluent countries. Both the SRC and ethnocentrism impede the ability to assess a foreign market in its true light.

When confronted with a set of facts, we react spontaneously on the basis of knowledge assimilated over a life time - knowledge that is product of the history of our culture. We seldom stop to think about a reaction; we simply react. Thus when faced with a problem in another culture, the tendency is to react instinctively and refer to our SRC for it a solution. Our reaction however is based on meanings, values, symbols and behavior relevant to our own culture and usually different from, those of the foreign culture. Such decisions are often not good ones.

To illustrate the impact of the SRC consider misunderstandings that can occur about personal space between people of different cultures. In the United States, unrelated individuals keep a certain physical distance between themselves and others when talking or in groups. We do not consciously think about that distance; we just know what feels right without thinking. When someone is too close or too far away, we feel uncomfortable and either move farther away or get closer to correct the distance. In doing so, we are relying on our SRC. In some cultures the acceptable distance between individuals is substantially less than that which is comfortable for Americans. When someone from another culture approaches an American too closely, the American unaware of that culture's acceptable distance, unconsciously reacts by backing away to restore the proper distance (i. e. proper by American standards) and confusion results for both parties. Americans assume foreigners are pushy, while foreigners assume. Americans

are unfriendly and literally “ standoffish”. Both react according to the values of their own SRCs, making both victims of a cultural misunderstanding.

Ethnocentrism and the SRC can influence an evaluation of the appropriateness of a domestically designed marketing mix for a foreign market. If US marketers are not aware, they might evaluate a marketing mix based on US experiences (i. e. their SRC) without fully appreciating the cultural differences that require adaptation. Esso, the brand name of a gasoline, was a successful name in the United States and would seem harmless enough for foreign countries; however in Japan the name phonetically means stalled car an undesirable image for gasoline. Another example is Pet in pet Milk. The name has been used for decades, yet in France the word pet means, among other things, flatulence again, not the desired image for canned milk. Both of these examples were real mistakes made by major companies stemming from reliance on their SRC in making a decision. In US culture, a person’s SRC would not reveal a problem with either Esso or pet, but in international marketing, relying on one’s SRC could produce an inadequately adapted marketing program that ends in failure.

Elements of the global marketing mix

The “ Four P’s” of marketing: product, price, placement, and promotion are all affected as a company moves through the five evolutionary phases to become a global company. Ultimately, at the global marketing level, a company trying to speak with one voice is faced with many challenges when creating a worldwide marketing plan. Unless a company holds the same position against its competition in all markets (market leader, low cost, etc.) it is impossible to launch identical marketing plans worldwide.

Product

A global company is one that can create a single product and only have to tweak elements for different markets. For example, Coca-Cola uses two formulas (one with sugar, one with corn syrup) for all markets. The product packaging in every country incorporates the contour bottle design and the dynamic ribbon in some way, shape, or form. However, the bottle or can also includes the country's native language and is the same size as other beverage bottles or cans in that country.

Price

Price will always vary from market to market. Price is affected by many variables: cost of product development (produced locally or imported), cost of ingredients, cost of delivery (transportation, tariffs, etc.), and much more. Additionally, the product's position in relation to the competition influences the ultimate profit margin. Whether this product is considered the high-end, expensive choice, the economical, low-cost choice, or something in-between helps determine the price point.

Placement

How the product is distributed is also a country-by-country decision influenced by how the competition is being offered to the target market. Using Coca-Cola as an example again, not all cultures use vending machines. In the United States, beverages are sold by the pallet via warehouse stores. In India, this is not an option. Placement decisions must also consider the product's position in the market place. For example, a high-end product would not want to be distributed via a "dollar store" in the United States.

Conversely, a product promoted as the low-cost option in France would find limited success in a pricey boutique.

Promotion

After product research, development and creation, promotion (specifically advertising) is generally the largest line item in a global company's marketing budget. At this stage of a company's development, integrated marketing is the goal. The global corporation seeks to reduce costs, minimize redundancies in personnel and work, maximize speed of implementation, and to speak with one voice. If the goal of a global company is to send the same message worldwide, then delivering that message in a relevant, engaging, and cost-effective way is the challenge.

Effective global advertising techniques do exist. The key is testing advertising ideas using a marketing research system proven to provide results that can be compared across countries. The ability to identify which elements or moments of an ad are contributing to that success is how economies of scale are maximized. Market research measures such as Flow of Attention, Flow of Emotion and branding moments provide insights into what is working in an ad in any country because the measures are based on visual, not verbal, elements of the ad.

(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. (50% of the available marks)

A global ‘ geocentric’ marketing strategy

According to XXXXX, apart from the Ethnocentric, another type of orientation that International Marketers could take is a Geocentric marketing strategy.

Managers at global and transnational companies are regio centric or geocentric in their orientation and pursue both extension and adaptation strategies in global markets.

Geocentric orientated companies view the world as a potential market and make special effort to develop integrated world market strategies.

Companies having regio or geocentric orientations are often known as a global or transnational company.

Global marketings importance today is shaped by the dynamic interplay of several driving and restraining forces.

Driving forces include:

needs and wants

technology

transportation and communication improvements

product costs

quality

world economic trends

opportunity recognition to develop leverage by operating globally

Restraining forces include:

market differences

management myopia

organizational culture

national controls such as non-tariff barriers

Sub-culture definition and examples

While we belong to one large culture, of more interest is the way our culture is broken down into groups of more specific norms and values. While we share many overarching norms and values there are many which we do not.

It is important to note that we can study individuals from the perspective of their general culture, or in more detail by seeing what subcultures they participate in and therefore at any particular norms and values associated with those subcultures. At the heart of this is the fact that every individual participates in not only a single sub cultural group but in numerous groups all of which may have different norms and values.

In sociology, a subculture is a culture or set of people with distinct behavior and beliefs within a larger culture. The essence of a subculture, that distinguishes it from other social groupings, is awareness of style and differences in style, in clothing, music or other interests(Thornton, Sarah (1995). Club Cultures: Music, Media, and Subcultural Capital. Cambridge: Polity Press.)

Several subcultures flourish because of the almost genetic need for people to belong, most notably youth. Because of this, many corporations have taken notice of them and begun to exploit and profit off said subculture's music or fashion tastes. This leads to a complete bastardization of the original intentions of the group and may kill off the group entirely.

Inside some organizations, subcultures can exist at all levels of it, highlighting the fact that there are multiple cultures or value combinations usually evident in any one organization that can complement but also compete with the overall organisational culture.

Dick Hebdige (1981) used style as a subculture's fashions, mannerisms, argot (see also slang, jargon, and polari), activities, music, and interests. Subcultural styles are distinguished from mainstream styles by being intentionally "fabricated", their constructedness, as different from conventional.

Hebdige considered punk subculture to share the same "radical aesthetic practices" as dada and surrealism: "Like Duchamp's 'ready made' - manufactured objects which qualified as art because he chose to call them such, the most unremarkable and inappropriate items - a pin, a plastic clothes peg, a television component, a razor blade, a tampon - could be brought within the province of punk (un)fashion...Objects borrowed from the most sordid of contexts found a place in punks' ensembles; lavatory chains were draped in graceful arcs across chests encased in plastic bin liners. Safety pins were taken out of their domestic 'utility' context and worn as gruesome ornaments through the cheek, ear or lip...fragments of school

uniform (white bri-nylon shirts, school ties) were symbolically defiled (the shirts covered in graffiti, or fake blood; the ties left undone) and juxtaposed against leather drains or shocking pink mohair tops." (p. 106-12)

Sarah Thornton (1995), after Pierre Bourdieu (1986), 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.

Marketing segmentation

Applying the sub-culture definition, and taken from a demographic point of view The essence of a subculture, that distinguishes it from other social groupings, is awareness of style and differences in style, a Market segmentation is a strategy that involves dividing a larger market into subsets of consumers who have common needs and applications for the goods and services offered in the market. These subgroups of consumers can be identified by a number of different demographics, depending on the purposes behind identifying the groups. Marketing campaigns are often designed and implemented based on this type of customer segmentation.

One of the main reasons for engaging in market segmentation is to help the company understand the needs of the customer base. Often the task of segregating consumers by specific criteria will help the company identify other applications for their products that may or may not have been self evident before. Uncovering these other ideas for use of goods and services may help the company target a larger audience in that same demographic

classification and thus increase market share among a specific sub market base.

Market segmentation strategies can be developed over a wide range of characteristics found among consumers. One group within the market may be identified by gender, while another group may be composed of consumers within a given age group. Location is another common component in market segmentation, as is income level and education level. Generally, there will be at least a few established customers who fall into more than one category, but marketing strategists normally allow for this phenomenon.

Along with playing a role in the development of new marketing approaches to attract a certain demographic within the market base, market segmentation can also help a company understand ways to enhance customer loyalty with existing customers. As part of the process of identifying specific groups within the larger client base, the company will often ask questions that lead to practical suggestions on how to make the products more desirable to customers. This activity may lead to changes in packaging or other similar changes that do not impact the core product. However, making a few simple changes in the appearance of the product sends a clear message to consumers that the company does listen to customers. This demonstration of good will can go a long way to strengthen the ties between consumer and vendor.

The implications of sub-cultural groups to segmentation decisions

The notion of cultural diversity can be used to illustrate how this can influence the demand for goods and services. The UK provides a good example of a cultural diversity. The country has provided a home for successive generations of immigrants from around the globe and this has created a rich mix of ethnic and other sub-groups, often concentrated in particular parts of the country and having their own languages and traditions and lifestyles.

(Worthington, Britton. 2009)

Marketers have long recognize the importance of demographic, cultural and social factors in shaping people's demand for goods and services. Marketers can be segmented in a variety of ways and this trends to differ between consumer markets and those which involve business to business transactions.

All organizations are an integral part of the society in which they exist and carry out their activities and as a result they are affected by the range of influences emanating from the demographic, social and cultural environment. These influences can change over time and help to shape both the demand and supply side of business activity. Business and other organizations need to be aware of and respond to the process of societal change and to the opportunities and threats that such change can engender.

According to the authors Worthington and Britton (2009) some implications of sub-cultural groups to segmentation decisions must be taken in consideration:

Organizations exist and operate within society and are subject to a variety of demographic and socio-cultural influences.

Demographic is concern with population variables, including population size, structure and distribution.

The social context of business includes factors such as social class, lifestyle and reference group influences. The consumption of goods and services in an economy can be linked to such factors.

The cultural environment of business comprises those institutions and other forces which help to shape society's basic attitudes, values, perceptions, preferences and behavior.

Societies usually contain sub-cultures which can influence a person's beliefs, attitudes and actions.

Like demographic and social factors, cultural influences can change over time and can affect organizations. Business need to be sensitive to such change.

Conclusion

Along with " economics", " culture" is another so called " environmental uncontrollable" which marketers must consider. In fact, it is a very important

one as it is so easy to misread a situation and take decisions which subsequently can prove disastrous.

The study of culture has taken many forms including the anthropological approach, Maslow's hierarchy of needs, the self reference criterion, diffusion theory, high and low context culture, and perception approaches. " Culture" itself is made up of a number of learned characteristics including aesthetics, education, religion and attitudes and values. One of the principal researchers on culture and its consequences is Hofstede, who, as a result of his studies, offers many insights and guides to marketers when dealing with diverse nationalities. Ignoring differences, or even similarities, in culture can lead to marketers making and executing decisions with possible disastrous results.

Culture is the totality of our life style & personality. At a glance it can be said that, culture is that what we are i. e. our way of dressings, speaking, eating, thinking, learning, attitude, beliefs, values, norms etc all included in our culture. International marketing is the marketing activities of a company outside their country of origin.

Culture has a great impact on international marketing. A marketer must have to study about the local culture in-depth before offering a product to them. Because of every marketing promotion has done to promote the product i. e. communicating product feature to the customers and influence customers to buy it.

To have an effective communication one must send the message according to the receiver's culture, customs and learning process. There are some

major barriers by which effective communication can be hampered. Self Reference Criterion (SRC) and Ethnocentrism can make the effort worthless.

Here we can draw an example how SRC can make all effort worthless. As we know that Disney land is a name of success in the amusement park business around the globe. But when they have started their journey in France they faced a tremendous problem and fall in billion Dollar loss.

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.