

Business in cultural context

[Business](#)



INTRODUCTION

Companies have to be very careful in choosing their target market[1]. A thorough research should be done about the cultural norms and traditions of the society. Moreover, the needs and demands should also be kept in focus. For example when Estee Lauder surveyed the market it found out that many minority groups were using its products. However Estee Lauder had not yet developed any product keeping in mind the specific needs and demands of these minorities. Therefore Estee Lauder now launched almost 115 foundation shades in order to meet the needs of this target market. The sales of the company went up almost 45%.[2]

Before the strategic launch of any product or business, the cultural factors which affect this launch should also be considered. Even though there are many other factors such as economic, legal etc the cultural factor has a big impact on the success and acceptance of a new product. Different cultures respond differently to the same product or business.[3]

A new product can be very successful in one country and might terribly fail in the other. Therefore companies are now conducting extensive researched in order to find out the cultural differences between the countries which can affect any new product. Moreover, some cultural norms might be good for one product and bad for the other. These factors are very important for multinational companies and firms which are globalizing. Dawyer et al examined cultural differences between 13 countries in Europe. Many aspects of the cultural differences such as uncertainty avoidance, individualism versus collectivism, masculinity, power distance, and long- and short-term orientation were studied[4].

It is very important for any organization, if it is considering going global, to understand the cultural similarities and differences between cultures. This can be within the same country or between different countries. For a big country such as United States, there can be cultural differences between two states also. Hence it is impossible for a product to get accepted all over the world with a single marketing strategy of the company. [5]

People have different thinking patterns and different values. Some people do not mind depending more if it saves time and hassle. For example if a retail outlet is launched in Saudi Arabia, it is very difficult for it to get accepted. The culture of Saudi Arabia has not yet adapted the ease of online shopping. Credit cards are still not that successful due to religious reasons. Hence people here will not pay online just to save the hassle and time. However the same retail outlet can be a huge success in United States, United Kingdom and even in India. There is no universal marketing strategy which works for all cultures. The businesses nowadays are focusing on customization of the marketing mix depending on the culture of the target market [6].

A business should first identify differences between the cultures in order to determine why a product might not get accepted there. In some cultures pictures might convey the entire message. However in others a verbal message is more effective.

Dr. Edward Hall, a very well known anthropologist, has divided cultures in two types i. e high-context and low-context cultures. According to him in a high-context culture the communication depends on the situation. The non verbal aspect of the communication is more important than the verbal aspect. However, low-context cultures depend on the verbal part more than

the graphical one. For example, United States is a low context culture. The people there depend more on the information conveyed to them verbally, even though graphical and pictorial forms do have some impact but not as much as the verbal content. Asian cultures are higher context. They depend more on the graphical representation of a message rather than the verbal content. [7].

Moreover low context cultures value expertise and knowledge whereas the high context cultures value personal relations and goodwill. As high context cultures value personal relations hence very often verbal agreements based on trust are enough whereas, in low context cultures a proper contract is signed in representing any agreement[8]. For example Americans use direct verbal communication. The Japanese however, understand the graphical or pictorial messages more than the verbal ones. Therefore, the marketing of products in America depends more on descriptions of the product features etc. The Japanese advertising has more nuance, scenery etc.

The language spoken is also a very important cultural aspect influencing the acceptance of a product. The advertising should keep in mind the cultural and local terminologies and expressions. Many companies simply translate their advertisements in the local language. This is not enough as this usually leads to ineffective advertisements. Many words and expressions cannot be translated in the local language hence it is always better to create a customized advertisement according to the culture of the target market[9].

One important thing which usually the businesses forget while advertising new products in a different culture is that culture is a social behavior and changes from time to time. Therefore information which the company had

five years ago about the culture of the target market might not be true now. Secondly the cultures are not dependent on the boundaries of the countries. A single country can have various different cultures. These false assumptions often lead to failure of any business. For example; a business in Germany can have traditional office uniforms (lederhosen). However many subgroups in the country might not like it as it means that that business is interpreting the German culture as backward[10].

MCDONALDS IN INDIA

McDonalds came in India late in the year 1996[11]. The first outlet of this megafast foodchain opened in New Delhi, the heart and capital of India. Soon after, many franchises of McDonalds began to open in various cities of India. In order to win the Indian people, McDonalds introduced a special menu just for India. As majority of Indians are Hindus therefore, the company had to put forward something which was acceptable to their culture and religion. Due to this fact, McDonalds does not have beef items on its menu. As the largest minority in India is of Muslims, therefore keeping this in mind, McDonalds does not offer pork also. Moreover, McDonalds presents mostly food containing chicken, vegetable and fish, as all these are acceptable to all communities and religions in India.

Indians like spicy food unlike Americans who do not prefer spices. In order to suit Indian taste and their liking towards ethnic food, McDonalds presented various spicy items such as McVeggie burger and McAloo Tikki burger. Hence McDonalds did a very good market survey before it entered the Indian market. As there were already expensive restaurants offering all kinds of food, therefore in order to create a niche and become successful, McDonalds

studies the cultural values of Indians[12]. And this is what helped them become successful over there. The report below will discuss the marketing strategy of McDonalds in detail. A SWOT analysis will give a detail account of strengths, weaknesses, opportunities and threats the company faces in India.

COMPANY'S VISION AND MISSION

The vision of McDonalds in India is to provide the Indian population with best service and food. This simple and precise statement covered their intentions in such a way that it became an instant hit in the country. They no wonder took the statement of their founder who said that they take burger business very seriously, in its best sense[13].

SWOT ANALYSIS

STRENGTHS

When McDonalds entered India, it was already known as one of the best fast food outlets. The competition in India was not much, and the biggest competitor was not even half its size. As it was present almost all over the world, therefore it had an added advantage of the ability to take risk. Moreover due to it being a big chain, it could reduce its costs due to economies of scale. Secondly, the company had most of its outlets present in the busiest and most notable areas. Hence real estate wise it was also strong. As the brand name was already recognized, therefore it was not difficult for McDonalds to create a niche in the market. Aggressive advertising helped McDonald capture the local market[14].

WEAKNESSES

The food market in India was already very saturated when McDonalds entered the market. Adding new food outlets simply meant, yet another food chain and did not mean that this new food chain will provide something new and different to the market. As there were too many competitors, the price competition was also very severe. Fast food outlets were providing acceptable quality of food at very cheap rates. McDonald's biggest weakness is lack of its ability to bring in new things. After its biggest new item of chicken Mc-nuggets, McDonalds did not bring anything new. However, in order to deal with this issue the company brought in new salads and other similar products. These were very successful as the Indian population is more interested in food containing vegetables[15].

OPPORTUNITIES

There are still many countries which McDonalds has yet to penetrate. These new countries present new opportunities to the company. Moreover, the company has slowed its expansion in order to bring new things in the exiting franchises. It has planned to bring internet access for its consumers by creating a hotspot in the outlet. Another opportunity fir McDonalds it to bring in new food ideas as it has been long time since it brought in anything new in the market ¹¹ .

THREATS

As McDonalds is present in many countries, and has not one but several outlets in each, hence it is open to any change which a changing economy of any country might bring in. many new fast food companies are coming up and many are becoming successful. This poses a threat for McDonalds, as

any new company with a good marketing strategy can enter the Indian market and destroy its presence. For example; KFC and Mr. Burger have many stores all over India. One good step can kick McDonalds out of the market ¹² .

STRATEGY

Before the 1980s Indians had very different cultural values. It was the Brahman culture which had dominated the Indian society till then. However, after the 1980s the cultural value of India began to change and this gave an opportunity for McDonalds. Incomes were increasing and people now had more purchasing power. This developed a sense of status amongst them. People started adapting western culture as it was considered modern and was a representation of social status. Even though almost 70% of Indian population is poor and most of them live in slums, the rest is rich and ready to accept the fast food culture.

Buying American products and adapting their ways is now considered to be a sign of modernity. This popularity of the western culture and acceptance of their products was seen by McDonalds as an opportunity to enter the new market.

As people were now accepting the new socio economic change, therefore McDonalds entered the new market of India. However the people were still in a changing phase, therefore McDonald had to bring in a modern culture but same old food. This could be done with their aloo tikki and Mc Veggie burger. McDonalds brought in many new food items just for the Indian market. The

very important and main item of McDonalds was its Big Mac which was replaced with fish and chicken burger.

As Big Mac was a beef item, which was not acceptable in India, therefore McDonalds, presented new food ideas and succeeded in creating a niche in the market. Almost 83% of the Indians are Hindus and beef is forbidden in their religion. McDonalds blended in very well with their culture and brought in salads, vegetable items and spicy food which the Indians preferred. Moreover, Indians are tea lovers, therefore tea and coffee was always present on their menu from the very beginning.

Figure: food preference in India[16]

As we can see from the above figure, that almost 20% of the population is veggies. The non-vegetarian portion contains Hindus and Muslims both. However Hindus do not eat beef whereas Muslims do and Muslims do not eat pork, whereas Hindus do. Chicken, fish and vegetable is acceptable to both. Therefore McDonalds brought in mostly vegetable items in order to attract most customers. And this was the basis of its success. It offered a trendy yet culturally acceptable food range.

Indians tend to spend more on food during the holiday season. This holiday season contains most of their festivals. During these festivals almost all the non-vegetarian population of India turns in vegetarian population. They stop eating non-veggie items due to religious festivals. During this season McDonalds brings in many new exciting vegetable food items. For example; it brought in Mc Veggie in 2001 and paneer salsa in 2003.

CONCLUSION

McDonalds has definitely been successful in India. The main reason for its success is the respect it has shown for all the religions and cultures in India. It also provides a carefree and relaxing atmosphere for parents who live in busy and large cities of India where extended families are no longer preferred. Children are centre of attention in Indian family systems. Therefore like its strategy in many other countries and in order to present itself as a family restaurant, McDonalds has focused its attention on the children.

When the first outlet was opened in Mumbai, McDonalds arranged a 40 feet long float accompanied by children's parade. Hence this focus on the children has attracted many family oriented people. As Hindus believe in Karma (fate), therefore McDonalds brought in its scratch and win scheme. McDonalds brings in new ideas from time to time in order to attract more customers. It has not only become the centre of attention for families, but youth of India has also accepted this as a modern western brand.

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