

A new paradigm for Marketing Across Cultures:

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Traditional approaches to Marketing

Marketing professionals are becoming increasingly aware of the need to take account of culture when working in diverse ...and ever expanding global markets. The issues of branding for different cultures and how to develop a marketing strategy for the global market are current fundamental questions for us all.

Let us first note that fundamental mistakes are still being made even at the most basic level of cultural differences, for example, simply from language. When GM introduced the Chevy NOVA, it hadn't checked that 'no va', meant 'no go' in Spanish. The colour 'Red' used to indicate danger in western cultures can send different messages about a product to Chinese for which Red can also represent success. Similarly, Yellow as a colour in marketing promotions may be offensive to Arabs, yet convey freshness and summer to western cultures.

However, much more important than these overt and more obvious aspects of culture, are differences that derive more subtly from the different meaning given by different cultures to apparently the same thing. For example, US Americans may purchase a Sony Discman, because it enables them to 'listen to their favourite music *without being disturbed by others*'. The Japanese may purchase the same product in order to 'listen to their favourite music *without disturbing others*.' The product may be technically identical, but the purchasing motive is different, because of the different meanings and priorities given to oneself and other's privacy. Kodak introduced an advertising campaign based on capturing 'memories' in the physical form of photographs. In contrast, for European cultures, 'memory' is a much more sentimental construct and may be tainted if represented in the explicit format of a photograph that omits the higher levels of the experience. Proctor and Gamble have successfully and developed a new generation of highly absorbent Pampers with the unique selling point that they can be changed less frequently. This approach failed in Japan where frequent changing of diapers/nappies is perceived as fundamental to keeping baby clean.

Fundamental marketing models have been explored at length by western economists. However, when we begin to include other cultures as either – or as both – buyers and sellers, these basic models not only fail the marketer because of cultural differences, but an entirely different logic is required that transcends these economists' western thinking. Our research over 15 years shows that 'culture' is not simply another factor to be put in to the marketing mix, but must be considered as *the context* within which all transactions take place because it changes the entire landscape that pervades all relationships and behaviours and, importantly, "meaning." Culture challenges the fundamental strategy of marketing, customer relations, definition of product, price, and advertisement. In short, culture is all pervading.

Evidence from our research and consulting has enabled us to build a new conceptual framework relevant to the future of marketing. It is based on these assumptions:

1. Knowledge and understanding is stored within corporate cultures, especially in the relationships between people and the relationship between the organization and its market.
2. Marketing strategy consists not of one infallible master plan, or "grand strategy," but in hundreds of trials and tentative initiatives.
3. Learning occurs when we eliminate the less successful trials and intensify and explore the more successful ones by continuously monitoring feedback from activities. Successful insurance is an unending inquiry into what helps customers and rewards the organization.
4. Management of change is based on adding value rather than throwing away the value of the old situation.

A new paradigm for marketing across cultures: Reconciliation

Our new approach to understanding marketing across cultures is to investigate dilemmas that derive from the tensions caused by cultural differences. In our findings, all cultures and corporations have developed habitual ways of resolving dilemmas, of being – for example – both well centralized and highly decentralized at the same time. The success of a company will depend, among other things, on both the autonomy of its parts and on how well the information arising from this autonomy has been centralized and coordinated. If you fail to exploit fully centralized information, your scattered operations might as well be totally independent. If various business units are not free to act on local information, then your HQ is subtracting, not adding, value. Any network only justifies itself by fine-tuning the values of decentralized action and centralized intelligence, which is then fed back to the various units.

Organisations need stability and change, tradition and innovation, public and private interest, planning and laissez-faire, order and freedom, growth and decay. Successful marketers must deal with these issues.

Our new marketing paradigm is based on the Three 'R's : recognise, respect and reconciliation.

Recognise Whilst we can more easily recognise explicit cultural differences, we may not be aware of implicit cultural differences. This helps explain why this cultural due-diligence is usually absent from the management agenda and from many of the classic marketing models, such as Porter. Thus, the first step is to recognise that there are cultural differences.

Respect Different orientations about 'where I am coming from' are not 'right or wrong', they are just different. It is all too easy to be judgmental about people and societies that give different meaning to their world from ours. Thus, the next step is to respect these differences and accept customers' rights to interpret the world (and our products and marketing efforts) in the way they choose.

Reconciliation Because of these different views of the world, the marketer can encounter two seemingly opposing views of the contrasting cultures - those of the seller and buyer. The task of the marketer is to reconcile these seemingly opposing differences.

In our research at THT, we have helped marketers elicit the dilemmas they face in their work and those that are faced by their organizations. Using face-to-face interviews as well as our web-based systems, we have accumulated over 6,000 basic dilemmas. By applying both clustering- and linguistic-analysis techniques we have quickly seen a number of fundamental dilemmas that are faced by organizations as they reach out to new markets.

The fundamental and frequently occurring dilemmas we find include:

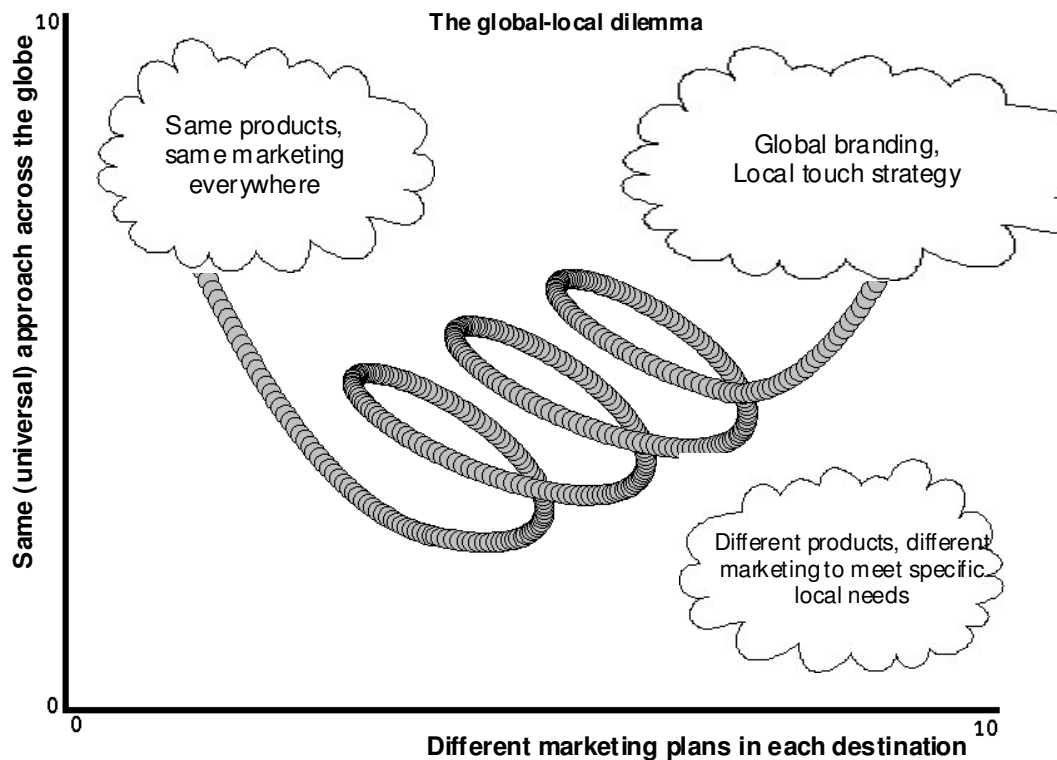
Some key dilemmas of marketing:

On the one hand ...	On the other hand ...
Do we strive for standard global products?	Or do we try to sell unique products adapted to the needs and tastes of local markets?
Do we sell to individuals?	Or do we sell to groups, thus creating fashion and trends for others to join in?
Is each transaction a unique, one-off sale?	Or is each sale part of a series in an ongoing relationship with a (long-term) customer?
Do we sell functional benefits (it works)?	Or do we sell intangible benefits (status – look at “me”)?
Should we sell what we can make (push)?	Or make what we can sell (pull)?
Do we satisfy existing customer needs?	Or can we create new customer wants?

Let's explore some of these dilemmas.

Do we follow a single global approach, or particularise to each market?

The dominant dilemma is the global-local dichotomy. The question is, shall we have one standardised approach (identical product range and associated identical marketing support) or shall we go for a local approach (different products and local based marketing in each destination)? Do we think our customers are best served by becoming nearly globally universal and alike, or by becoming more influenced by particular national or local cultures?



The answer lies in *transnational specialisation*. Here we reconcile the seemingly opposing extremes. We integrate best practice and satisfy customer needs by learning from the diversity of adopting, adapting, and combining the best.

MacDonalds successfully achieve this integration by branding the Big Mac universally across the globe. The big 'M' sign, represents the universal corporate identity with standard furnishings and fittings in all their restaurants. Yet in the Middle East, the Big Mac is a veggie-burger, and served with Rice rather than fries in the Asiatic. Even smaller local variations are promoted such as the 'croquet' variant in the Netherlands.

Heineken alters the temperature at which its beer is served to follow local tastes but also positions its same product differently in different markets –to reflect the different **meaning** that drinkers ascribe to the product. In Europe, it is sold as 'Beer, as meant to be drunk'. In the Caribbean, it positioned as being 'cosmopolitan'. The (almost identical) TV advertisements for each Island show the same shots of Paris, London and Tokyo (to represent the global branding of Heineken) but with an easily recognisable Island-specific building or monument to locate the global brand in the local context.

In some situations, the marketing strength derives from the universal world branding. Thus Coca-Cola is Coca-Cola everywhere and represents the American dream, although ingredient details on the can or bottle may be in a local language. Similarly, British Airways are selling safe, reliable, quintessential 'Englishness', supported by local agents in the different destinations it serves.

Do we sell to individuals or groups?

Is marketing concerned with satisfying individual customer needs and preferences, or is the focus on creating a trend or fashion that is adopted by the group? Individuals then purchase to show they have joined the group by following the shared trend.

From the customer's perspective, do we relate to others by discovering what each one of us individually wants, or do we place ahead of this some shared concept to which we can identify and feel part of?

Simply rejecting another's viewpoint or adopting a compromise does not yield the best market return. In our new marketing paradigm, we can follow the reconciliation logic for each dilemma by starting from one extreme, but integrating with the needs of the other.

This means that, although marketing to an individualistic culture might see the individual as an end, marketing will benefit from a collective arrangement, as the means to achieve that end. Conversely, marketing to a communitarian culture sees the group as the target market, yet can use feedback and suggested improvements from individuals.

The marketing relationship should be seen as circular. The decision to focus on one end is only arbitrary.

Microsoft Windows and its associated Office Products offer the benefits of a group approach. Documents can be shared and exchanged, because they adhere to common file formats. Yet individuals can tailor the configuration of their system to satisfy individual preferences – such as the screen zoom level to meet their individual eyesight capabilities. Jaguar and Mercedes owner-drivers take pride in being a member of their fellow club of drivers of prestige cars (belonging to their peer group). However, when they insert their individual key in the lock of their own car, the seats and driving mirror configure to their own preference, even though some else may have altered these settings.

What is the degree of involvement of the customer?

Do we see the customer as a 'punter', someone from whom we can make a fast buck, or is the customer a relationship, involving a series of transactions over time. Do we need a relationship first, before he/she becomes customer, or do we easily do business, from which a relationship may or not follow?

In our work with British Airways and American Airlines, we examined how they each differently define their relationship with their customers. It is typically American to emphasise 'core competencies' and 'shareholder value'. In contrast, British Airways (and Cathay Pacific) emphasise service, with hot breakfasts, champagne and the like. In a 'One World' alliance, it may appear that the options are limited to:

- Serve the 'cattle' with Coke and pretzels.
- Serve hot breakfast, champagne, and in-flight massage and shoeshine (and go bankrupt in the process).
- Compromise and sell the 'hot pretzel', thus upsetting (and losing) all customers.

Marketing through Reconciliation is more than this compromise. It is the craft of trying to define those specific areas to provide a more personal service and, thereby, deepen the relationship. Jan Carlson of SAS calls this the 'moment of truth'. The future success of an alliance will depend on one particular reconciliation: the competency of the marketing team to identify those specific circumstances where specific moments can be used to deepen the relationship in the service being provided.

What part does the display and role of emotion play, and/or is the display of emotion controlled?

Typically, reason and emotion are linked or combined. When the customer expresses satisfaction (or dissatisfaction!), they are trying to find confirmation in their thoughts and feelings – and trying to show they have the same response as others. (*I have the same view of this product/service as you*). Customers whose response is neutral, are seeking an indirect response.

Michael Porter said that Germans don't know what marketing is about. In his American conception, marketing is about showing (overtly) the qualities and features of your product without inhibition. Germans might see this as bragging and the sort of tactics expected from second-hand car dealers. The way you express positive things in Germany needs to be more subtle. As Tom Peters said in Atlanta in 1999, "It's cool to be emotional nowadays".

Do we sell function or status?

Does the customer want a functional product that achieves the utilitarian purpose or are they buying status? You can tell the time from a 1\$ LED digital watch as well as with a \$10,000 Rolex Oyster. But a Rolex Oyster is a symbolic representation of status, not simply a watch.

All societies give certain members higher status than others, signalling that unusual attention should be focused on those persons and the products they own and display and the services they consume.

In achievement-oriented cultures, the emphasis is on performance. In ascribed-status cultures, such as Asia, status is ascribed to products that naturally evoke admiration from others, such as high technology and jewellery. The status is less concerned with the functional capabilities of the product.

We can see this dilemma in action between the achieved and ascribed status in the profit-oriented versus non-profit status of the private health care trust BUPA and reconciled successfully by CEO Val Gooding. Should she set a goal of a 25% profit to shareholders to compete on the stock exchange, or make enough return to serve the sick and the weak? To care about people you serve is a precursor to success and you must ascribe status to them. The provident status of BUPA reconciles the need to achieve business growth with providing primary health care. Care for your employees through a strong successful business base and they pass that care to the clients (patients).

Technology Push or Market Pull?

Are we stimulated by an inner drive, or do we adapt to external events that are beyond our control?

The main issue here is to connect the internally controlled culture of technology push (sell what we can make) with the externally controlled world of market pull (make what we can sell).

Nobody will deny the great knowledge and inventiveness of Philips, separately, of its technologies and the quality of its marketing. The problem is that these two major areas didn't seem to connect. The push of the technology needs to help you decide what markets you want to be pulled by, and the pull of the market needs to help you know what technologies to push.

Do we view time as sequential or synchronic?

With sequential cultures, time is an objective measure of passing increments. The faster you can act and get to the market, there more effective will be your competitiveness. In contrast, synchronous cultures, like doing things 'just in time', and so that present ideas converge on the future. The better your timing, the more competitive you will be.

Keeping traditional products that made your name in the first place can jeopardise the creation of new products. Karel Vuursteen of Heineken successfully integrated the (past) traditions of the Heineken family with the future

needs of the company, and the traditions of the Heineken product with the need for (future) innovation – for example in the area of speciality beers. Process innovation sought new methods of creating the same result (traditional product), whilst product innovation allowed new drinks from scratch without involving Heineken's premium product in the experiments.

New mindsets and new thinking

Our new Marketing paradigm thus requires a mindset that recognises cultural differences, respects these differences and then reconciles the continuing dilemmas that result. This demands that we extend the earlier definition of marketing. It now needs to include the system of activities, which facilitates human interaction and information between products/services on the one hand and markets on the other. In this way it goes beyond the original, Anglo-Saxon, meaning of how to get a product or service into a market.

The new concepts described here are explored further in the new book 'Marketing Across Cultures' (Fons Trompenaars and Peter Woolliams), published by Capstone Wiley July 2004 ~ see www.cultureforbusiness.com