

Cross-cultural Impact on Marketing Strategies: A Study on Automobile Industry

Zakia Binte Jamal

Abstract—In this era of Globalization companies are expanding their business activities in different countries. In this process business faces different challenges where cultural barriers play an important role. Businesses need to understand the new market's culture and its cultural elements which really matter for business to design marketing strategies. This research has described the cultural elements that affect automobile business around the world.

Keywords—Culture, automobile, marketing strategies, globalization, advertising, cultural differences.

I. INTRODUCTION

GLOBALIZATION plays an important role to survive and grow in this dynamic business world. New markets and opportunities are opening. New companies are coming and old companies are surviving through alliance, acquisition, and mergers. The global village is becoming a global marketplace (Terpstra & Sarathy, 2000). Globalization process has forced business to become more sophisticated. In order to get cheap labor multinational companies are establishing their plants in different countries. One-third of all trade is within companies, for example- Toyota shipping car parts from Japan to USA for final assembly. Outsourcing also becomes a popular strategy for many companies. Businesses are operating their activities in different countries and cultures. In new market companies face challenges due to cultural differences. Companies pay more attention on cultural factors like- language, religion, social norms and values, education and living style to define company's marketing strategies (Justyna Dabrowska, 2008).

From product design to marketing everywhere cultural factors are influencing. Advertising is another important element of marketing strategy which is highly influenced by culture (Mooij, 2010). This research will analyze automobiles advertisements in different countries and how advertisements are changed according to culture. Cultural differences cause's different challenges to business and this research will try to find out how companies can overcome all these challenges and operate their business successfully. Main objectives of this research are:

Objective

- Analyze the cultural factors which defines business strategies
- To analyze how automobile companies overcome

Zakia Binte Jamal is Lecturer, Independent University, Bangladesh (IUB), Bangladesh.

cultural differences

- Analyze the culture's effect on advertising of automobiles in different countries

The main purpose of this research is to find out answers of following questions:

Research Questions

- How cultures affect marketing strategies of automobile companies?
- How automobile companies overcome cultural challenges and find out the culture's affect on automobile advertisements?

II. LITERATURE REVIEW

Culture is a broader area of social science and there is no generally accepted definition of it. The GLOBE research program (House, Javidan, Hanges and Dorfman: 2002) defined culture as "Shared motives, values, beliefs, identities and interpretations or meaning of significant events that result from common experiences of members of collectives that are transmitted across age generations". Marketing environment includes different factors and forces that have influence on the development and the maintenance of successful dealings and relationship between companies and their customers (Kotler, 1991). Ragulan (2010) a young entrepreneur and marketer state culture as-"When starting a business a cultural analysis needs to be done if the business targets a range of audience from several locations." He concentrated more on understanding the cultural environment in order to match marketing mix with consumer preferences. Anthropologically market behaviors are culture-bound. Cross-cultural affects are more challenging in automobile industry (Donald Bradley, 2005). Ian and Jamie (2000) talked about merger and acquisition as a part of cross-cultural business strategy to understand local customers. They mentioned cross-cultural joint-ventures, alliances, buyer-supplier relationship in order to cope up with new culture.

Cultural impact on Automobile industry:

In today's world car industry with many fiercely competing brands is world's most competitive market. World's largest auto manufacturers continue to invest in manufacturing facilities in emerging markets to minimize the production cost. This is the main reason of several global alliances. Previously US automakers have establishes commercial strategic partnership with European and Japanese automakers. The

industry has merged and global competition has increased (BERA, 2004).

Frank Gunnemann (2005) described the cultural impact on automobile industry. He concentrated on the differences between European, American and Asian consumers and their attitudes, perception and values depending on culture. He said that traditional marketing strategies becoming ineffective because of technological advancement. According to Frank appropriate product placement is the best way to make effective communication with target audience. To avoid cultural differences many companies launch customized cars for particular country. Ford uses standardized strategy and product line world wide but Ford launched Ford Ikon designed and developed only for Indian people. Company tried to make an emotional bonding with customers.

In literatures researchers give more focus on cultural differences for marketing strategies. They showed different ways to market the product in different countries. For some countries giving advertisement in movies considered as more effective way like- James bond series or Transporter 2 where they advertise BMW, Jaguar, Aston Martin etc (Ian & Jamie, 2000). Some companies use some strategies to create more attachment with customers as-Ford launched Escort Freedom when India was celebrating golden Jubilee of its independence. Researchers find that for some countries merger and acquisitions are more successful to understand the customer preferences (Thomas Glemser, 2011). Researchers found even sometimes brand name and taglines need to change because of language difference. Ford's low cost truck was marketed as Fiera to Spanish speaking people but marketer faced huge problem because in Spanish it means "ugly old woman" (Ian and Jamie, 2000).

In literatures researchers talked about saturated market of automobile industry in developed countries (Ronald and John, 2009). To expand market and increase sales companies are focusing on emerging markets like India, China etc. Culturally these countries are different from developed countries. According to researchers German cars may be renowned for their excellence in engineering but they need to understand the cultural differences to market cars in these emerging economic countries (Daniel, John, Chang-Hong, 2004).

Cultural impact on advertisements of Automobiles:

Marketing communication is a process of influencing behavior of others by sharing ideas, information or feelings (Darley & Luethge, 2003). In this communication process there will be a source or sender, an encoding message linked to the contextual environment channel such as advertisement and a receiver (Cateora and Keaveney, 1987). An effective communication is only possible when sender and receiver share same way of translation and interpretation of message. Customer understanding and interpretation depends on the national culture and diverge across various cultures (Onkvisit & Shaw, 1987). Advertisements not only communicate about products and services but also tell people what products mean to the way people live. Advertisement with social and cultural

text helps people to understand commercial messages as well as products, services and sponsors. Ideas, visuals and copy reflect what is important and valued in society (Dyer, 1982).

Advertising is the combination of symbols, text, common practices and cultural references which creates thoughts, impression and concepts (Lester, 1997). Advertisement expresses culture and reflects how people behave and provide ideas, images, desires, norms and society's values (Valdivia, 1997). Advertisement represents wide and various dimensions of cultures and scholars have used cultural models with language to understand consumer behavior and advertising effectiveness. For example: De Mooij (2010) uses Hofstede (2001) model and mapping technique to identify cultural differences in buying motives of products. Mooij (2010) distinguished four elements of advertising style. Each element will vary in different cultures:

- Appeal (including motives and values)
- Communication style (e.g., explicit, implicit, direct and indirect)
- Basic advertising form (e.g., testimonial, drama, entertainment)
- Execution (e.g., how people are dressed)

To make advertising effective consumers need to be in the main focus. Cultural values determine personality of consumers. Next step for effective advertising is to distinguish mental and social process. Mental process includes how people think, learn, perceive, categorized and process information. Social process includes how people relate with other, motivation and emotions. Both process affect interpersonal and mass communication. These processes also affect advertising appeal and style.

In the study "Culture and Metaphors in Advertising" by Jennifer A. Waldman (2011) examined different automobile ads to review the cultural differences. A specific difference is found in Netherlands where consumers look for value and safety compare to other countries (De Mooij, 2000). Many ads for Renault in Dutch magazines also take same format and speak these characteristics. For example, the slogan of this car was-"The Renault Laguna Coupe now temporarily with Euro 1000 cash for you" (Figure 1). This ad suggests that the car comes with cash or is able to hold cash, a container metaphor. In the ad a paper clip at the top of the corner holds a stack of euro's highlighted the car's economic value because culturally Dutch people focus more on the economic value of the car.

In contrast, the French like to see more design, style and fashion in car advertisements (De Mooij, 2000). For example- in the Nouvelle Fiat 500 Cabriolet ad the slogan was- "The happiness is in the original version" (Figure 2). The ad suggests the concept of happiness and freedom. The ad showed butterfly-shaped clouds and a woman standing on the top down convertible uses a butterfly net in attempt to catch everything that the car has to offer- freedom, happiness, fashion, fun and style.



Fig. 1 Dutch Renault ad Fig. 2 French Fiat ad

German and Italian consumers have similar characteristic of buying cars. They prefer fast, advanced technology and stylish and functional cars. German prefers more verification and expertise than Italians. The German ad for Lexus RX450h (Figure 3) uses slogan “Drive ahead”. Beautiful pictures of the car gives the idea of Lexus design and style and the main ad picture of nature shows a pleasing driving profile. Other small photos boost Lexus brand equity by highlighting technology, craftsmanship, performance and machine which appeals and represents Germans.

In comparison, the Italian ad for Hyundai shows slogan as-“The car with grand ideas” (Figure-4). The ad shows a beauty shot of the car on a rich purple background and a beautiful butterfly hovering above the car. The auto’s design and style are illustrated in nice colors and the butterfly expresses elegance and beauty for the vehicle.



Fig. 3 German Lexus ad Fig. 4 Italian Hyundai ad



Fig. 5 American Lincoln ad

Generally it is said that American consumers look at cars as status symbol and they want big and powerful vehicles. The

Lincoln ad features the car on a plain white background (figure 5) and the slogan is –“Cleaner, Faster and smarter”. The ad demonstrates the direct injection technology that makes the car cleaner, faster and smarter.

III. METHODOLOGY

Qualitative approach has been used in this research. Qualitative research has its roots in social science and is more concerned with understanding why people behave as they do: their knowledge, attitudes, beliefs, fears, etc (Gibson, 2004). In this research data gathered through focus group, direct observation and in-depth interviews. This study focuses on random sample to get primary data through interviews. To gather secondary data this research has used case study, articles, journals, books, published and unpublished articles and online journals.

Sampling: Sample size for this research is 10. Age limit of samples are between 25 to 28 years old. Samples are mostly students but service holders are also included in sample.

IV. FINDINGS

This part analyzes the data collected from primary and secondary sources. While analyzing the data collected from interviewees everyone agreed with the influence of cultural factors in product design and defining business and marketing strategies. One of the interviewees describes this as: “*Culture is important. Most of the people are used to act according to their surrounded culture. While choosing any product, people think whether that will be accepted to his/her culture or not.*” By analyzing secondary data this research found some basic sources of culture. Sources of culture are:

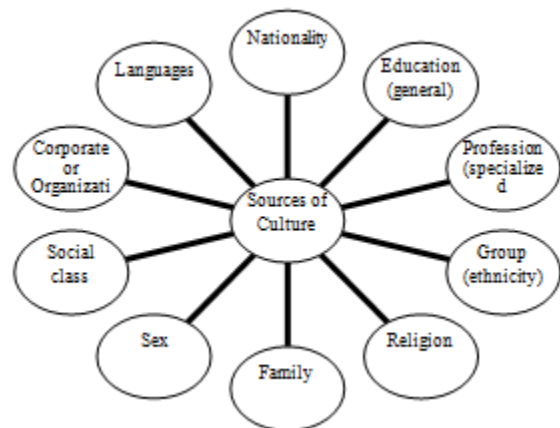


Fig. 6 Sources of Culture

Source: Jean-Claude Usunier and Julie Anne Lee (2005)

Culture has influence on automobile industry. People’s taste and choice varies in different countries which are directly or indirectly shaped by culture. One of the interviewees described it as: “*Culture has influence on automobile depending on people’s taste, fashion and demand. Car consumption is not an economic choice anymore rather it became more emotional and sensational. Cultural mindset influences these emotional*

and sensational values". Interviewees described the car design and other differences they observed in different countries because of cultural differences. One of the interviewees described the driving side differences as he has traveled several countries. According to him India and UK has same right side driving whereas UAE and EU countries follow left side driving. He also noticed car size differences in different countries. He noticed that in India small cars are more preferable and in Ukraine people prefer sedan cars. Also SUV's are preferable in UAE and Russia. Regarding the choice of car another interviewee says "UK people prefer luxury cars and in India because of the hike in petrol price and economical reasons people prefer economical cars".

By analyzing the primary and secondary data it is clear that automobile industry face some challenges as: environmental, human health, public culture etc. To overcome these cultural challenges companies need to study the specific country culture and design strategies accordingly. To understand local cultures most of the time companies do joint venture with local companies because they have experience and knowledge about local market. Primary and secondary data shows how car advertisements are different. This research has analyzed car advertisements of different countries. As the question asked to the interviewees that they have seen any differences in car advertisements and most of them agreed that they have observed differences. One Interviewee shares his experience as: "In India most cars advertisements focused on family orientation and fuel efficiency whereas in UK most of the cars advertised as the symbol of personality and individuality".

Another example of customer taste is the use of manual cars in India and auto cars in USA. Analyzing secondary data shows that Ford Fiesta has been launched in different continents with adaptation because of cultural and other factors.



Picture: Ford Fiesta in India



Picture: North American Ford Fiesta

(Source of all car pictures: <http://www.fiestafaction.com/forums/fiesta-buzz/31401-ford-shows-off-new-south-american-fiesta-2.html>)

Ford Company use standardization but has adopted Ford Fiesta in different continents according to different factors. Launching in different continent is different because culture, social norm and other issues are different. Even driving rules and regulations are also different and company need to change according to that continents preference. For example- Ford launched Ikon only designed and developed for India. Though they designed only for India but other south Asian countries culture, lifestyle, consumer preferences have similarities so they can sale the car in similar market without any change.

By analyzing the data it's clear that brand image has major impact on automobile purchase decision. In marketing term car considered as high involvement product. Approximate 95% of interviewees said that they will consider car's brand image before purchasing. Also price and quality are other important factors for car purchase.

According to the interviews people pays equal attention on price and quality for car purchase. According to interviewees most preferable cars and their brand images are:

- Honda (usage of latest technology, performance, long economic life)
- Mercedes Benz (fame)
- BMW (safe, comfortable, businessman's identity)
- Toyota (relatively low cost)
- Tata (quality & price)
- Volvo (safety)

V. CONCLUSION & RECOMMENDATION

Culture influences people's life and business. Main purpose of doing this research is to analyze cultural factors which define business strategies. This research tried to find out the cultural elements that really matters for businesses and



Picture: Ford Fiesta in Brazil



Picture: European/American Ford Fiesta

automobile companies need to consider all those elements before making marketing strategies for a new country. From secondary data it is found that companies need to study consumer behavior, buying pattern and their taste prior to entering into a new market. In automobile industry from product design to distribution everything is being shaped by culture. Automobile companies are overcoming cultural challenges by understanding the culture and making strategic alliances, merger and acquisitions to understand the local market. Based on the findings following recommendations were given-

- Market research provides information to understand country's culture and economic condition. With the economic boom in India sales of passenger cars grew 31% from January to November 2010 according to the information of Society of Indian Automobile Manufacturers (SIAM). Market research will provide this kind of information to understand that people prefer fuel efficient/low maintenance car or luxury car or they consider car as essential product or luxury product.

- Automobile companies are recommended to use traditional and non-traditional marketing strategies. In traditional methods companies use promotional campaign, advertising, billboard etc. Automobiles are high involvement products and companies are recommended to take customer involvement campaigns like- test drive, quiz competition etc. Companies are recommended to make TV programs which will create more hype for the brand like- Hero Honda Roadies, Pulsar MTV stunt mania (Indian TV show) etc. Programs like Top gear will help automobile companies to get positive response from customers. Luxury car brands like- BMW, Mercedes, Audi etc. are recommended to make car users society which will make the brand image exclusive to users' mind. All types of non-traditional methods are recommended by experts including viral marketing. Viral marketing is a strategy that influences individuals to pass on marketing information to others. It uses pre-existing social networks to increase brand awareness or to achieve other marketing objectives through viral processes. Sophie Hurst, director of corporate marketing at SDL, Maidenhead, Britain said "The important thing is to market across all the different marketing channels: Web sites, email, collateral, events and social media as it reflects the cultural look and feel of a country,"

- Automobile companies are recommended to give emphasis on innovation. More investment on R&D is required to adjust with technological advancement and rapid changes of customer taste and preferences. Now western countries are more concerned about nature or green revolution. Toyota and other companies understand the demand and they introduced hybrid cars. Also saving energy became a burning issue in recent times. Realizing the demand Nissan, TATA and other companies introduced electric cars to the market. To popularize the concept of electric car to save fuel govt. of many countries are giving initiatives. For example- UK govt. is giving up to 5000 pound subsidies on electric car purchase. Keep the company updated and serves customers efficiently

with regular innovation is the best way to success.

- Most automobile companies use standardization strategy but to overcome cultural barriers companies need to follow adaptation strategy.

REFERENCES

- [1] Jean- Claude Usunier and Julie Ann Lee (2009), *Marketing Across Cultures*, 5th edition, Pearson Education Ltd.
- [2] Frank Gunnemann (2005), *The Effectiveness of Product placement for the Automobile Industry and Its impact on Consumer Behavior*, 1st edition, Grin Verlag.
- [3] PAMELA K. MORRIS and JENNIFER A. WALDMAN (2011), "Culture and Metaphors in Advertising: France, Germany, Italy, the Netherlands, and the United States", *International Journal of Communication*, Vol- 5, pp 942-968.
- [4] Indian car market growth second fastest globally. *Times of India*, 12th January, 2011. Also available at: http://articles.timesofindia.indiatimes.com/2011-01-12/india-business/28352452_1_global-auto-commercial-vehicles-indian-automobile-manufacturers (Accessed on: 18th august, 2012)
- [5] David Luna and Susan Forquer Gupta (2001), "An integrative framework for cross-cultural consumer behavior", *International Marketing Review*, Vol. 18, No 1, pp 45-69, MCB University Press. <http://dx.doi.org/10.1108/02651330110381998>
- [6] House of Commons Business and enterprise Committee (2008-2009) "The Automotive Industry in the UK", Stationary Office Ltd. (HC 550).
- [7] Thomas Glemsner (2011), "Merger and Acquisition in the Automobile Industry-A Performance Comparison of National and International Events", Unpublished thesis (Masters Degree), Maastricht University.
- [8] Guohua Wu (2011), "Country image, informational influence, collectivism/individualism, and brand loyalty: exploring the automobile purchase patterns of Chinese Americans", *Journal of Consumer Marketing*, 28/3 (2011) 169-177, Emerald Group Publishing. Limited <http://dx.doi.org/10.1108/07363761111127590>
- [9] Ian Brooks and Jamie Weatherston (2000), *The Business environment Challenges and Changes*, 2nd edition, Prentice Hall.
- [10] Sandy Cameron (July, 2000), "Understanding Cultural Differences", [Online], Available at: http://findarticles.com/p/articles/mi_m1249/is_4_73/ai_64519577/ (Accessed on: 22nd April, 2012).