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THE INFLUENCE OF CULTURE ON MARKETING PROGRAMS FOR NEW PRODUCTS LAUNCH

Theoretical
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Abstract

This article attempts to analyze the influence of culture on marketing programs for new products launch. Despite the special attention that literature confers to new products, the tactical side represented by marketing program which operationalize the new product launch, it is strongly neglected. Thus, considering the actual trends toward international markets and the existing gap in literature, the paper sections will treat the culture components in relation with marketing program activities developed for a new product launch.

The contribution of this paper at scientific progress is accomplished by providing detailed descriptions of changes occurred in marketing programs in cultural diversity context; it is a preamble for a field which need new developments, theories and knowledge.

In terms of conclusions, marketing program on international market is expected to be a good predictor of new product success, and at the same time, a useful approach to optimize the allocation of marketing effort.

Introduction

At least now, when differences between countries are so pronounced, most companies can achieve maximum sales in each country in which exports only offering new products manufactured to meet the specific needs of that country culture, in other words, only considering each foreign market as a segment of global market and act accordingly through adapted marketing programs to each country cultural values.

The business environment has evolved in response to the continued globalization of world markets as there appears to be an increasing speed, frequency and magnitude of competitors entering a broader and more diverse set of markets (Wolf, 2000). In this framework, companies are more dependent on new products launch which generate incomes and market share. More than that, in order to keep up and to preserve a relative position, companies are forced to penetrate more different markets.

The success of new products launch on international markets depends on a set of factors, including a variable specific to the market – culture, which remains a significant factor in international marketing research (Dunning, 1997).

The aim of this paper is to analyze the importance of country culture in the determination of marketing program for products launch. The role of culture in influencing marketing program is a field which need new developments, theories and knowledge considering the actual trends toward international markets.

In order to help improve the literature, this article contributes to a better understanding of the relationship effects between culture and new products launch on decisions concerning marketing programs.

An understanding of how cultural differences affect international marketing decisions is important to a firm external operation (Tse, Lee, Vertinsky and Wehrung, 1988). In addition, knowledge of the culture impact on marketing decisions is important to the internal conduct of multinational firms.

1. Culture on international context

Culture is a notoriously difficult term to define. Anthropologists have been discussing and debating definitions of culture since the origin of the concept in the 19th century. They suggest that culture is made up of at least three components: what people think, what they do, and the material products they produce; however, for anthropologists and other behavioural scientists, culture is the full range of learned human behaviour patterns.

The term was first used in this way by the pioneer Edward Tyler in his book, *Primitive Culture*, published in 1871. Tyler said that culture is “that complex whole which includes knowledge, beliefs, arts, law, morals, customs, and any other capabilities and habits acquired by man as a

member of society.” In 2008, Spencer-Oatey states that “Culture is a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence, but not determine, each member behaviour and his/her interpretations of the meaning of other people behaviour.”

Culture – that is so complex and difficult to define – represents a conscious behaviour and compatible with its elements. In view of Pop and Dumitru (2001) culture is defined as a group of learned responses of different nations to vary stimuli. The researcher Geert Hofstede defined culture as “the collective programming of mind which distinguishes the members of one human group from another” (Hofstede, 1991). Therefore, culture includes systems of values – that are among the essential components of a culture (Adler, 1997). For Sasu (2005), culture is the whole legacy of a society transmitted by word of mouth, literature or other forms of communication. It is conservative, must be learned and transmitted from generation to generation. Culture can be regarded as a distinct life style of people.

National culture expresses a structured set of practices and cultural values shared by individuals and groups that belong to a nation state. Formation and development of national culture has been favoured by language, national ethnicity - defined by historical, geographical, political - of spirituality and common economic and social life, all resulting in cultural homogenization of the nation.

Culture has a strong impact on marketing activity. Marketing involves gaining profit by meeting needs. In order to better satisfy the target market, the culture must be understood. One way of understanding culture is to analyze its components (Sasu, 2005).

Communication is a key element of culture as it provides a mechanism for transmitting and interpreting messages relating to world around. Members of a culture share a common key for interpreting their social surroundings, which establishes rules for governing the interaction. Members of different cultures may not know how to interpret these signs, resulting in miscommunication. The communication, both verbal and non-verbal, are a part of culture (Samovar and Porter, 1994; Whorf, 1956) and *language* is a key component of communication since it is a means for encoding and decoding messages.

Spoken or written language is a common cause of misunderstandings in communication process as a result of a person inability to speak the local language, the low quality translation, the inability of a person to interpret body language or gestures. Even among countries with the same official language, there may be subtle differences. For

example, American English sounds different from the English spoken in Australia. When Pepsi introduced in Germany the slogan “Come Alive with Pepsi” word-for-word translation was “Pepsi brings your ancestors back from the grave”.

For international marketers diversity of languages can be a difficult problem. But this issue is resolved due to the fact that there is a tendency for companies involved in international market transactions to use international languages: English, French, Spanish, and German.

The behaviour of communicating without words, though it is often accompanied by words is called nonverbal communication. Usually, people will believe what they see rather than what they hear. Studies have shown that these subtle messages represent between 60 and 90% of how communication is interpreted. The support for non-verbal communication can be divided into two types: body language and communication mode. Body language refers to the communication by body movements - gestures, facial expressions, eye contact. Many business people react negatively when faced with facial expressions without understanding the cultural meaning behind them. The Japanese feel uncomfortable when they have to stand in front of the Americans. They have been taught since childhood to keep looking down from humility and automatic response of Americans would be “Look at me when I talk to you!” Communication mode refers to how something is said rather than content - tone of voice, verbal flow, using laughter or yawning. Skilled manager will be able to interpret subtle differences in the way of communication, including silence. Silence is a powerful communicator. If Americans become agitated after ten seconds of silence, the Chinese prefer to consider the problem more than 30 seconds before speaking.

Institutions are the link between individual and group and include family, political institutions or any form of organization and social thinking that encourages the individual to follow the rules in exchange for rewards. The rules are not static; therefore, individuals can act as agents of change in an institution (Usunier and Lee, 2009).

The main institutional mechanism for human resource development and the accumulation of knowledge is represented by formal education system. Many countries have engaged in so-called “race of education” to promote human resource development and implicitly higher living standards. Tremendous economic successes of Japan, Taiwan and other Asian economies in recent decades illustrate the importance of human capital for growth. In absence of natural resources and facing to discrimination imposed by the West, the so-called Asian tigers have evolved quickly, relying on a workforce well trained, educated, hard working, and conscientious. Number of years of

education needed to qualify an individual to obtain a job in the modern sectors of the economy is influenced by the following variables (Todaro, 2000): salary or income gap, possibility of finding a job in modern sectors of economy, private cost of education and opportunity cost of education.

Attitudes underlying the manner in which people communicate and interpret messages from others. Ethnocentric attitudes are a particular source of noise in intercultural communication. Stereotype occurs when an individual believes that all persons belonging to a culture or subculture has the same characteristics. Stereotype is an easy approach, superficial deliberately ignoring the obvious differences between individuals. An important approach in this area belongs to Geert Hofstede. His analysis is based essentially on a survey conducted at the end of the seventh decade and early eighties, on the target groups consist of local employees in subsidiaries from 40 countries of the IBM Company. From the results of the questionnaire responses that contained questions about management style and working conditions, Hofstede concludes that countries differ in relation to the four basic cultural dimensions (Hofstede, 2001): power distance index, individualism vs. collectivism, uncertainty-avoidance index, and masculinity vs. femininity.

Social organization refers to how people are connected to each other, which differs from one society to another. The first type of social organization is based on kinship. Another aspect of social organization is common territory, that in developed countries, it may be district, suburb or town. In many countries from Africa and Asia there are tribal groups. The third way of social organization is represented by special interest groups or associations, and they can be religious, occupational, recreational or political.

Patterns of thinking are logical progression of thought and it differs between world countries. Societies differ in terms of manager role. A large part of difference refers to who makes decisions and who is responsible for them.

Material culture refers to way that people communicate through objects and their possessions. In some cultures, material production plays an important role in social recognition. In other cultures the emphasis is on spirituality.

Proximity refers to the influence of space and places – personal space and office space. American offices provide private space for each person, usually a space increasingly higher for those who climb in hierarchy. In Asia, office space consists of common open spaces where people work in a close proximity to each other. Space transmits power in the U.S.A. and Germany; therefore, top managers want an office at the highest level of building.

Technological factors are numerous, among the most important are: the technical level of the buyer,

investment for research - development, advanced technologies and key technologies, the state policy related to research and technology, infrastructure of basic technological elements.

Aesthetics refers to the ideas from a culture in terms of beauty, good taste expressed in the arts - music, theatre, dance, painting, sculpture - and appreciation of colours and shapes. At international level, there are important differences in aesthetics, but they tend to be more regional than national (Sasu, 2005).

Symbolic and sacred elements determine the link between the physical and metaphysical world. In some cultures, the metaphysical world is denied, but in other cultures metaphysical world is present in daily activities. Advances in the scientific restrict increasingly more metaphysical world limits.

Religion is a matter of living in many cultures. It can be defined as an internal state or mental behaviour that creates the external event (Danciu, 2008).

Customs and traditions play a role in many countries. In Asia, ghosts, fortune tellers, palmistry, lunar phases, the demons are parts of certain cultures. These issues should not be underestimated because they are the ones that determine the consumption of certain products.

2.The influence of culture on marketing programs

On international market, the results that demonstrate high efficiency of adopted policies, but also how they orient the use of economic resources at all levels depends largely of the existing marketing programs well designed and structured.

Marketing programs are more necessary when the complexity of foreign markets increase, the uncertainty and risk is growing, and competition is sharpened. An accurate and detailed marketing program can allow solving problems related to action on international market and it is a basic requirement for engaging all resources, contributing directly to increasing efficiency of international marketing activity.

International marketing programs integrate all marketing functions based on the conception, that all marketing variables are interrelated and allow the exploitation of alternatives, for achieving the objectives of export, import or international economic cooperation, systematic evaluation of the actions to be taken in case of each alternative, selecting and use specific methods to achieve the ultimate goal.

Programming is very important for any company success engaged in foreign trade, and the international marketing activities must be ordered and coordinated both with other company activities and resources, as well as with the specific culture of international market.

Being designed and built in a cultural perspective, the international marketing programs must constitute a prognosis and a systematic review of future changes.

Practically, marketing programs indicate the decision points and their nature, integrate and coordinate marketing mix components, ensuring their interrelation so that the effectiveness to be maximum for the entire period of program implementation.

3.Marketing mix decisions in cultural context

Extrapolating at international level, all activities involved in marketing programs, further will be presented the changes that might occur as a result of confrontation between a country culture and marketing program for launching a specific product.

a. Product decisions in cultural context

There is a set of decision on product, brand, packaging, labelling, warranties, after-sales service, positioning; of these the most significant characteristics influenced by culture are: product size, product form, product content, quality, methods of product use, product colour.

The *product content* is influenced by culture, especially in consumer goods. Oreo, the top-selling cookies in the U.S.A. market, started to sell them in China. The company problem was that they kept selling the U.S.A. version of the cookies. Clearly, something needed to be changed, thus through a deep research has been reached a few interesting conclusions about Chinese market: traditional Oreo were too sweet for Chinese taste, they consume only few sweeties, and many Chinese restaurants do not offer any desserts. To meet these needs, the company has developed and introduced Oreo products with a reduced amount of sugar. In the same situation is Coca Cola, which in some parts of the world has a sweeter taste. In North America, Oreo is synonymous with one flavour, but global tastes vary. In India, for example, consumers think it is not sweet enough. Another example is related to religion influence on product content. As we know, Muslims do not eat pork and alcohol, so in Islamic countries animal fat should be replaced with the vegetable because of religious restrictions. Even Australian company producing food for pets, Uncle Ben's, had to eliminate pork even from the animals food, since the consumption of pork is forbidden by Islam. Regarding the level of education, if there is a large number of illiterate, the products content should be simplified.

McDonalds is a global player who adapted its burgers to local needs. For example, in India, because cows are sacred animals, their burgers contain chicken or fish instead of beef. Also, in Mexico, McDonald's burgers come with chilli sauce.

Product dimensions as size, capacity and volume are subject to market and environmental influences, and often require separate solutions for each market. In 2006, BMW created a longer version of its 5 Series Sedan exclusively for the Chinese car market, where the wealthy have personal drivers and they want more room in the back seat. The Italians prefer small cars, while others prefer those with a height of one meter. The French, the Italians, and the British prefer cars narrower, while the Germans and the Swedes on the widest. Japanese are smaller hands, Americans feet are bigger, so manufactures of gloves and shoes interested in penetrating these markets, should consider this fact in designing marketing programs.

Marketing research indicates that over 80% of visual information is related to colour, so to achieve differentiation between products or brands, *the product colour* plays a key role. Colours also have different meanings in different cultures. In marketing program planning, marketers should pick country-appropriate colours to make sure the local consumers are not offended or pushed away from the product due to colours used in packaging. For example, in Egypt, the country national colour of green is considered unacceptable for packaging, because religious leaders once wore it. In Japan, black and white are colours of mourning and should not be used on a product package. Similarly, purple is unacceptable in Hispanic nations because it is associated with death.

Decisions on *packaging* aim in essence the structure and form of the packaging, the size and colour. In 2012, Nestlé altered its Nescafe instant coffee recipe after a research showed that Chinese consumers preferred a smoother milkier cup than their European or North American counterparts.

The packages size varies depending on buying patterns and market conditions. In low-income countries, goods usually are sold by the piece and not in packages with several products.

b. Price decisions in cultural context

The opportunity for brands and products to grow globally has never been greater. Setting prices requires more consideration than just margin, market share and sale targets in each region. Understanding customers and their cultures goes a long way to getting the price right. There are several aspects related to price that are influenced by culture.

The relationship *price/quality* can be interpreted differently in various cultural environments. Consider this example: a new pharmaceutical company launched in Latin America, promoted by natural ingredients used, had set a premium price to denote high quality. Interestingly, customers from Mexico valued the natural ingredients and were willing to pay the premium price. However, in Brazil, consumers are not given great importance of natural ingredients and high prices led to low sales.

Peterson and Jolibert (1976) identify a strong relationship between price and quality in France and the USA. It can be said that cultural values influence how customers perceive price as an indicator of quality.

The relationship between *price and place of manufacture* is another aspect that can influence pricing system. In North America, goods that are locally manufactured are increasingly popular and usually priced at a premium because of the value placed on the local label, while in China, the opposite holds true. A recent study in the infant nutrition category found that customers from China value international brands manufactured in North America.

The relationship between *price and packaging* is an issue that should be taken into account. A toy manufacturer planned to reduce pack size while maintaining price. This toy is typically purchased as a gift and it was important for the manufacturer to understand how a smaller pack would impact sales during the critical holiday period. In Italy and Spain, consumers equate a good gift with a large package. Customers perceived the smaller pack as less valuable which would result in lower sales.

Figuring out the timing for *discounts* is a challenge and taking into consideration cultural differences put more pressure on manager decisions. For example, a premium brand in women fashion is sold in Canada and Germany with very different discounting strategies. In Canada, the brand competes in a discount-driven environment, customers do not just hope for a sale, they expect one. A 20% discount is just an alert to wait a few weeks for the price to drop to 50%. However, in Germany, a high-low pricing strategy is uncommon. The brand maintains a consistent everyday pricing strategy that reflects their premium offering. The Canadian managers would like to replicate the German strategy, but they realize that this is unrealistic and that they are better off implementing a balanced strategy – lower everyday prices but use fewer discounts to maintain brand image and effectively use discounts only for end of season to meet Canadian customer expectations.

Making decisions on price policy for different cultures goes beyond pricing strategy; depends also of a good understanding of cultural traditions and behaviours. Consider the importance attached to certain numbers in the Chinese culture. The number 8 is a number that signifies good luck whereas the number 4 signifies bad luck. A pricing manager could use this insight to make sure that price endings are set not just to achieve the highest margin but also to prevent negative perception of the product because of its price. Managers that look to set a smart price should take into account the cultural differences or they risk being disappointed by resulted sales.

c. Distribution decisions in cultural context

Decisions on distribution channels cover areas such as the structure of distribution channel, the relationship management in distribution channel, the functions of intermediaries, the members' behaviour of the distribution channel and the division of sales territories (Sasu, 2005).

The channel structure is determined by purchasing habits and material culture. In U.S.A., Avon uses direct sales channels, this allow people to take buying decisions in home or workplace. In other cultures, including European ones, this method of sale is an invasion of privacy, and sales representatives do not feel very comfortable when selling to friends in order to make money (Douglas and Dubois, 1977).

Several changes can be required in distribution system, depending on the options offered by country commercial infrastructure that is influenced by country material culture. Should be reviewed the wholesale and retail system and the existence of storage possibility in order to know what distribution structure to be chosen. The introduction of free telephone and cable television has made that in Japan to be employed by Amway over one million independent distributors who practice direct marketing (Amway, 1999). Commercial infrastructure influences the distribution decision. Type and number of wholesalers, warehouses existing, transportation system determines the choice of an appropriate structure of distribution channels. If local distribution facilities are inadequate, the company will have to conduct a direct distribution or use special packaging for extra protection.

The relationships management in distribution channels are influenced by the values, customs and education. Cooperation in distribution channels depends partly on members' education of those channels. Rosson and Ford (1982) argue that cultural distance can be overcome by increasing the intensity of contacts and reciprocity. Gouldner (1960) believes that people treat others in the same way that they are treated by others, available both in Christianity and in the Jewish; the same idea is supported by Frazier and Rody (1991).

The intermediaries' functions are influenced by cultural values and organization social. *The members channel behaviour* can be caused by a sense of pride related to local culture and traditions.

The division of sales territories can be influenced by social organization. For example, in Africa, the division of these territories cannot be based on sales potential or local administrative boundaries, as is done in the West, but take into account the tribal groups, where only certain people are allowed to buy (Douglas and Dubois, 1977).

How the product is distributed is also a country-by-country decision influenced by how competition is being offered to the target market. Using Coca Cola

as example, not all cultures use vending machines. In U.S.A., beverages are sold by the pallet via warehouse store, while in India, this is not an option. Placement decisions must also consider the product position in the market place. An expensive product would not want to be distributed via a cheap store in U.S.A., conversely, a product presented as a low cost option in France would find limited success in a pricey boutique.

d. Promotion decisions in cultural context

The culture impact on promotion decisions is more identifiable in advertising - marketing mix component most influenced by culture. In other words, this section presents the influence of various cultures on decisions concerning advertising. The following aspects of culture influence the advertising content: language, communication style, education, tradition and customs, religion.

It may seem somewhat obvious to state that *language* is the key to effective advertising in international context. The advertising world is littered with examples of linguistic cultural blunders. The most comical was Ford introduction of the Pinto in Brazil. After seeing sales fail, they realised the cause was that Brazilians did not want to be seen driving a car meaning something vulgar. Another obvious error is incorrect translation of advertising messages. Parker Pen Company used the literal translation of his slogan used in U.S.A. to promote pens in Latin America. Thus, the American slogan "Avoid troubles - using pens" became "Avoid pregnancy - use Parkers pens", the company promoting its products as contraceptives, without realizing it, because of the similarity of the words. Even using the same language requires attention, French language from Canada is different than that from France, and the U.S.A. English language is different than that from United Kingdom (Kotabe and Helsen, 1998). Understanding the way in which other cultures communicate allows the advertising campaign to speak to the potential customer in a way they understand and appreciate.

Communication style can be explicit and implicit - for example, in U.S.A., an explicit communicator assumes that the listener is unaware of background information and therefore provides it themselves; while, in Japan, the implicit communicators assume that the listener is well informed on the subject.

Education influences the advertising program through high illiteracy from many countries which creating serious problems of communication and requires more creativity and using spoken media. Preferences for a certain advertising type are a major factor in the decision to select the communication media. Commercial outdoor/transit is preferred in Bolivia, Japan and South Korea. In India and Argentina, where cinema is very popular, cinema advertising has a significant share, the

companies having the permission to advertise in cinemas (Czinkota and Ronkainen, 1995).

Perceptions based on tradition and customs are difficult to overcome. In some cultures there are lucky colours, such as red in China and unlucky colours, such as black in Japan. Some colours have certain significance: green is considered a special colour in Islam and some colours have tribal associations in parts of Africa. Many hotels in U.S.A. and U.K. do not have the room 13 or the 13th floor. Similarly, Nippon Airways in Japan do not have the seat numbers 4 or 9. If there are numbers with negative connotations abroad, presenting or packaging products in those numbers when advertising should be avoided. Images are also culturally sensitive. Whereas, it is common to see pictures of women in bikinis on advertising posters on streets of London, such images would cause outrage in the Middle East.

Even though, attitude and behaviour are directly influenced by religion aspects of culture, *religion* impact on consumption related behaviour have been only very modestly study in the marketing literature (Mokhlis, 2009). Existing studies on advertising and religion mainly examined the influence of religion on attitude toward advertising of controversial products (Fam, Waller and Erdogan, 2004). Several religious groups complained to the Advertising Standards Authority when Nike launched in 2006 a highly criticized advertising campaign, in which one of print advertising depicted England best football player, Wayne Rooney, with the Cross of St. George painted on his chest. Antonio Federici is an ice cream manufacturer who sparked a storm of controversy in the last years. The religious themes featured in the advertising campaigns – where Catholic priests and nuns push for more intimacy – got them banned several times by U.K. Advertising Standards Authority. Some cultures have religious feelings stronger than others, thus Pepsi Cola had to remove from U.S.A. market a commercial with Madonna because people were offended by “Like a Prayer” video appeared in the same time with the commercial. However, the most European countries were not offended by the advertising.

There are plenty of errors produced in terms of advertising, further are provided some examples. A company advertised eyeglasses in Thailand by featuring a variety of cute animals wearing glasses. This was a bad choice since animals are considered to be a form of low life and no self respecting Thai would wear anything worn by animals. Procter & Gamble used a television commercial in Japan that was popular in Europe. The commercial showed a woman bathing and her husband which entering the bathroom. The Japanese considered this an invasion of privacy, inappropriate behaviour, and in very poor taste. In India, the company Coca Cola had to change its marketing message when it was

discovered that water was drunk at most meals and soft drinks were typically reserved for guests and special occasions (Malhotra, Agarwal, and Peterson, 1996).

4.Human resources decisions in cultural context

When it is desired the international entry market through new product launch, an important factor in planning the marketing program is the human resources, namely the employees. Employees culture differences can lead to differentiating work values and their priority (Hofstede, 1980; Pelled and Xin, 1997; Schwartz, 1999). Thus, this section is concerned with the culture influences on work values because culture provides the most common explanation for differences at international level in individual work behaviour, attitudes, and values (Bond and Smith, 1996; Aycan, 2000). Further, the six cultural dimensions will be treating in correlation with the work values.

Power distance refers to the work value of power and status which measure the extent to which employees perceives a job brings self-respect, authority, influence, control and respect from others (Pelled and Xin, 1997; Schwartz, 1999). Employees with work value of high power and status are likely to view participative management with fear, distance and disrespect because participation is not consistent with their national culture such as those from East Asia and Latin Europe (Newmen and Nollen, 1999). Moreover, Morris and Pavett (1992) found that managers who encourage participation in decision-making in these high distance countries are likely to be viewed as weak and incompetent comparing to countries with low power distance.

Individualism vs. collectivism is an important dimension of differentiating national culture at workplace. Lee, Pillutla, and Law, (2000) found among the firms that individualists are more attuned toward a promotion focus, whereas collectivists are more attuned toward a prevention focus. Bochner and Hesketh (1994) found collectivists having more informal contact with fellow workers, knew staff better, and are more likely to work on a team than alone compared with individualists. Self-interest is seen as another indicator, people with high individualism looks after their interests, which is opposite to people with low collectivism who holds group value and seeks collective interests (Hofstede, 1980).

Masculinity vs. femininity. Masculinity tends to drive the motivation of employees at workplace that stress assertiveness, decisions and careers which have many relations with power and status (Yamaguchi, 1999). Jaw, Ling, Wang, and Chang (2007) examined the data collected from 185 after work Chinese businessmen and concluded that masculinity has positive influence on the work values among the Chinese employees.

Uncertainty avoidance comes under the work value of reward and stability which refers to pay, job security and clear job descriptions in an organization setting (Yamaguchi, 1999). Individuals with low uncertainty avoidance are more ambitious, more willing to change jobs, in contrary when high uncertainty avoidance values are emphasized people are more likely to be discouraged from pursuing these goals.

Long term vs. short term orientation encourages people to pursue long time benefits, while suffer short time loss (King and Bond, 1985). Long term orientation has greatly shaped people work value performances such as hard work, respect for time, needs for achievement, power. To Chinese notion of long term orientation, it is deeper implications (Fang, 2003).

Harmony influences can be further integrated into the examination of the relationship between specific context and conflict behaviour (Chen and Ma, 2000). Any employees show a greater tendency to adopt an avoiding, obliging and integrating style, and less likely to adopt dominating styles in the process of conflict resolution.

5. Investment decisions in cultural context

To implement all these activities discussed before, it is necessary to develop a budget for covering the investment for all activities of the program, and what expenses will lead to these activities. So the following are some aspects of previous research on the influence of culture on the decision to invest in an international market.

Senior (1827) and Cairnes (1874) recognised long ago that in addition to geographic proximity, the familiarity with language, institutions, social customs and religion are important determinants of international marketing, but the inclusion of cultural variables in international investment decision is relatively recent (Anderson, 2000; Lewer and Van den Berg, 2007).

When culture has been included, it has most frequently been interpreted along traditional economic lines as contributing to the costs of doing business by raising informational asymmetries and transaction cost, rather than as a separate influence that stems from societal differences in how people view the world, how they interact with others, and how they pursue the goals they consider to be appropriate.

Advances in the culture measurement (Schwartz and Sagiv, 1995; Inglehart, 1997; Hofstede, 2001) have spawned many applications and insights of relevance to international financial decision making. National culture influences the infrastructure upon which financial decision making occurs – including the structure of markets and institutions (Kirkman, Lowe, and Gibson, 2006), accounting conventions and practices and

systems of corporate governance (Bushman, Piotroski, and Smith, 2004).

Hofstede (2001) cultural characteristics exert different impacts on cross border debt and equity holdings. The degree of masculinity in originating countries positively influences debt holdings more than twice as much as equity of foreign portfolio investment, and the degree of individualism positively influences cross border equity holdings almost three times as much as debt. In contrast, the degree of power distance in originating countries has a greater effect on debt than equity holdings. Finally, countries that are less risky in terms of their overall political, economic and financial performance tend to participate more fully in cross border investments, and this propensity to diversify internationally is not influenced by cultural attitudes to risk as measured by Hofstede uncertainty avoidance.

Head and Sorensen (2005) used Hofstede (1980) cultural dimensions to analyze how country culture can influence international investment. They found that low uncertainty avoidance, high power distance, collectivism, and masculinity provide a good environment for certain types of investments, for example Greenfield. Also, they found that low uncertainty avoidance, low power distance, individualism and masculinity were significantly associated with investments, particularly acquisition-based ones.

In studying how the degree of trust between European countries influences trade, foreign direct portfolio, foreign product investment, Guiso, Sapienza and Zingales (2009) examined an extensive set of control variables including information costs (geographic distance, shared border, shipping costs, commonality of language, shared legal origin, and relevant newspaper articles), and cultural proxies (ethnic and somatic distance, common linguistic roots, religious similarity, and history of war).

Conclusions

New product launch on international market is one of the most complex decisions that managers of companies face. Cultural differences amplify the degree of complexity and perceived uncertainty to the international environment, and have an important impact on all aspects of marketing activities resulted from the marketing program. Therefore, understanding the influence of culture on different marketing activities in a specific country will help management in planning the marketing programs.

Programming is very important for any company success engaged in foreign trade, and the international marketing activities must be ordered and coordinated both with other company activities and resources, as well as with the specific culture of international market. Being designed and built in

a cultural perspective, any international marketing program must constitute a prognosis and a systematic review of future changes.

Practically, marketing programs indicate the decision points and their nature, integrate and coordinate marketing mix components, ensuring their interrelation so that the effectiveness to be maximum for the entire period of program implementation.

In terms of conclusions, marketing program on international market is expected to be a good predictor of new product success, and at the same time, a useful approach to optimize the allocation of marketing effort.

Future directions

Considering that culture has a significant effect on the penetration rates of new products, it is recommended that managerial teams take into consideration the cultural differences between groups when designing marketing programs for new product introductions.

When we talk about marketing program planning, another future research should consider the impact of socio-economic variables on cultural dimensions by analyzing the changes in time series data. However, the challenges of such studies are obvious, with data availability being a basic concern. Also, other variables and interactions should be accounted in order to further differentiate the effects of specific variables.

The antecedents of cultural dimensions can also be included in future research, especially in order to reveal the precedence of socio-economic factors on cultural dimensions in the long run. This approach could also be employed to assess the impact of how various marketing variables interact with the cultural and social-economic factors to understand under what circumstances, which activities are most successful over time.

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