

# From Domestic Marketing through International Marketing to Intercultural Marketing

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## Abstract

Globalisation, IT development and strengthening of WTO-GATT have resulted in equalisation and internationalisation providing a favourable environment to international businesses. At the same time, social and socio-cultural differences draw up new challenges for international marketers and businessmen. In international business, the main question of marketing is to adapt to the specialities of the desired foreign market or to follow the standardised strategy. Cultural differences, specialities, are the main barriers to globalisation tendencies. Thus, international marketing strategy - if we are sensible to differentiation - has to be adapted from culture to culture. The essence of cross-culture marketing is studying the cultural features, differences of foreign markets, fitting, adapting to them or at least taking them into consideration when making a business decision (DANKÓ, 2000). The main aim of the present paper is to overview marketing concepts and to highlight the importance of the intercultural approach to marketing.

**Keywords:** international markets, marketing, cultural differences

## Introduction

In a globalised world, even the smallest company has international connections even if it is not familiar with that. Most of the input materials come from import; products or services produced by the company can be exported directly or indirectly or can serve as input to other

products that are sold in a foreign country. In addition to these, most of the competitors are foreigners or if there is a local competitor, the products distributed by it may source from a foreign country.

Some years ago foreign traders, specialists of international business, business diplomats had been trained by higher educational institutions. They became the specialist in the field, while graduates from other business degree programmes hardly knew anything about the operation of international markets. Nowadays the possession of such knowledge is essential for each specialist graduated from any business degree programme (TÓTH, 2008). Subjects like international marketing, intercultural marketing, international business relations, intercultural/cross-cultural communication are nowadays basic subjects for students graduating from business degree programmes.

### Defining companies regarding their international presence and activity

Literature dealing with international companies makes a distinction between domestic companies, international companies, multinational companies and transnational companies. This analogy can only be partly adapted to marketing. The following aspects are the basis of distinction making: Who is the owner? Where is the production site located? Where, how and what kind of activity is done by the company? Where is the headquarters of the company? What are the main organisational principles? In this term, we can make a distinction between

- ❑ **Domestic companies:** they basically produce at home even most of their output is exported.
- ❑ **International companies:** they carry out different activities in foreign countries, but the headquarters is unambiguously at home, the organisation is centred and the critical production is also domestic. They are domestic companies operating abroad.
- ❑ **Multinational companies:** they are globally oriented, but the main national companies are known. Operations are connected, and resources are distributed internationally.
- ❑ **Transnational companies:** these companies cannot be connected to a certain country.
- ❑ From marketing point of view, the differentiation can be made objectively as well. It is based on the ratio of actual domestic and international marketing activities. In this term, we can make a distinction between
- ❑ **Traditional export:** it is hardly called marketing. The product can be directly or indirectly (through an exporter company) exported.
- ❑ **Export marketing:** sales to foreign markets are planned in advance, marketing activity on foreign markets is an integrated part of the company's marketing activity, the route of the product is monitored and markets are searched consciously.
- ❑ **International marketing:** besides export, some other operations are also done

abroad. Taking into consideration the scope and depth of marketing we can talk about international, multinational and global marketing (TÓTH, 2008).

TÓTH (2008) citing REKETTYE (1994) defines the following terms:

- ❑ **International marketing:** besides export, the company applies some other market-entering tools and methods and does not invest capital directly.
- ❑ **Multinational marketing:** there is direct capital investment and allocation is also international.
- ❑ **Global marketing:** the company considers the whole world as one market.

## Marketing concepts in more details

### *From international marketing to global marketing*

When studying marketing literature, we can find some other definitions for **international marketing**. DANKÓ (2000) refers to the definition of TÓTH (1996): each marketing activity can be called international, if it is done abroad; it aims foreign markets, or considers foreign needs and changes. The emphasis is laid on the continuous adaptation, it is the real field of international marketing, and the first element of adaptation is to be familiar with the international environment.

**International marketing** is the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit. The only difference between the definitions of **domestic marketing** and international marketing is that in the latter case marketing activities take place in more than one country. This apparently minor difference, "in more than one country" accounts for the complexity and diversity found in international marketing operations. Marketing concepts, processes, and principles are universally applicable, and the marketer's task is the same whether doing business in Hungary, Finland or Australia, Nigeria.

The goal of business is to make a profit by promoting, pricing, and distributing products for which there is a market. If this is the case, what is the difference between domestic and international marketing? The answer lies not in the different concepts of marketing but in the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range, of unfamiliar problems and the variety of strategies necessary to cope with at different levels of uncertainty encountered in foreign markets. Competition, legal restraints, government controls, weather, fickle consumers, and any number of other uncontrollable elements can, and frequently do, affect the profitable outcome of good, sound marketing plans. The marketer cannot control or influence these uncontrollable elements, but instead must adjust or adapt to them in a manner consistent with a successful outcome. What makes marketing interesting is the challenge of moulding the controllable elements of

marketing decisions within the framework of the uncontrollable elements of the marketplace (competition, politics, laws, consumer behaviour, level of technology, and so forth) in such a way that marketing objectives are achieved. Even though marketing principles and concepts are universally applicable, the environment within which the marketer must implement marketing plans can change dramatically from country to country or region to region. The difficulties created by different environments are the international marketer's primary concern (I01).

**International marketing** is simply the application of marketing principles to more than one country (I02). I02 cites the following definition from Doole and Lowe (2001): "At its simplest level, **international marketing** involves the firm in making one or more marketing mix decisions across national boundaries. At its most complex level, it involves the firm in establishing manufacturing facilities overseas and coordinating marketing strategies across the globe." It cites another definition from Cateora and Ghauri (1999): "**International Marketing** is the performance of business activities that direct the flow of a company's goods and services to consumers or users in more than one nation for a profit." And one more definition from Muhlbacher, Helmuth, and Dahringer (2006) cited by I02: "**International marketing** is the application of marketing orientation and marketing capabilities to international business."

And what is the relationship between international and global marketing? We can find a collection of definitions on I02: "**Global marketing** refers to marketing activities coordinated and integrated across multiple country markets." Johansson (2000); ". . . The result is a global approach to international marketing. Rather than focusing on country markets, that is, the differences due to the physical location of customers groups, managers concentrate on product markets, that is, groups of customers seeking shared benefits or to be served with the same technology, emphasizing their similarities regardless of geographic areas in which they are located." Muhlbacher, Helmuth, and Dahringer (2006); The intersection is the result of the process of internationalisation. Many American and European authors see **international marketing** as a simple extension of exporting, whereby the marketing mix is simply adapted in some way to take into account differences in consumers and segments. It then follows that **global marketing** takes a more standardised approach to world markets and focuses upon sameness, in other words, the similarities in consumers and segments.

### *Intercultural marketing*

Both differences and similarities characterize the **world's cultures**, meaning that the task of the global marketer is twofold. First marketers must study and understand country cultures in which they will be doing business. Second, they must incorporate this understanding into the marketing planning process. In some instances, strategies and marketing programs will have to be adapted; however, marketers should also take the advantage of shared cultural characteristics and avoid unneeded and costly adaptations of the marketing mix. Deep cultural

understanding can be a source of competitive advantage for global companies (KEEGAN – GREEN, 2008).

In the past, marketing managers who did not want to worry about the cultural challenge could simply decide not to do so and concentrate on domestic markets. In today's business environment, the company has no choice but to face international competition. In this new environment, believing that concern about **culture and its elements** is a waste of time often proves to be disastrous (Czinkota – Ronkainen, 2001).

Marketing is not necessarily simply marketing. In the same way that no culture is exactly the same as another, a marketing concept for a product cannot be the same for all cultures. A marketing strategy must deal with the needs and values of a culture carefully, in order to achieve the desired effects. For this purpose, it is of great importance to implement a change of perspective and to empathize with the other culture. If symbols, rituals, and religious and cultural practices are not correctly deployed, it can lead to stereotypes and can be offensive, and this leads to aversion to a product and offense instead of the desired effects (I03).

Every marketing campaign begins with a time-consuming analysis of the target market. Amongst other elements, the following characteristics of the target market are researched: Age range – Gender – Profession - Family/environment – Hobbies. We need to find out how best to approach the target market and how to arouse the most emotions in the chosen market. What would be the most believable way to reach the target market? What does the target market consider particularly important? A great amount of time and money is spent on the entire campaign and in the end everything is quickly translated into other languages. But is the knowledge gleaned from the original target market analysis also applicable to the new target group, for whom the information has been translated? Does the visual language of the person from the German-speaking part of Switzerland equally affect a person from the Italian-speaking part? Or would a play on words used by a person from the German-speaking part of Switzerland make sense to a person from the French-speaking part? Switzerland is located at the intersection of three European linguistic cultures. There is, therefore, no doubt that cultural differences are to be expected in our country! It has been scientifically proven that people from the German-speaking part of Switzerland, the Italian-speaking part and the French-speaking part each have their way of thinking and living. They are affected by different images, and similar topics do not necessarily arouse similar emotions. These are exactly the issues that intercultural marketing aims to address. In order to avoid a nasty surprise at the end of a campaign, or to find a perfect play on words that works across all languages, it is advisable to consider at the beginning of the campaign if linguistic and cultural differences can somehow be united with one topic. This is what we mean by **intercultural marketing** (I04).

Every culture produces specific pictures, symbols, colours and forms of meaning. Markets create their regulations and game rules. In addition, every region has particular behaviour norms, rules of conduct, specific attitudes, dispositions and habits. At the same time, a huge

group of people exists who might be called **global citizens**. They cultivate their life-style and consumer behaviour across their cultural sphere. So, within their needs and values, they create a **new global citizen culture**. Thus, in planning a marketing strategy, for a company it is often adequate only to differentiate parts of the marketing-mix, for instance, the colour, the taste or the price of the product. A well-known American soft drink, for example, offers over 100 taste variations of one single product around the world. On the other hand side, a single colour could lead to decreased sales figures. That happened to a pharmaceutical working in Asia as they entered the market with a white vitamin drop. The colour white symbolise death in some parts of Asia and for the customers the drops couldn't be associated with healthy living. Besides the global issues, also in local and regional markets international comparatives are these days reality. Alone the European Union with 28 member states; offers a wide field for intercultural misunderstandings. To be aware of the cultural diversity, the involvement of the knowledge in our marketing and the added value of internal intercultural resources will be key factors in your success; particularly for smaller and mid-size companies. **Intercultural marketing** develops the optimal strategic fit between differentiation and standardisation to immediately increase our success and reputation in the market (I05).

Local thinking and global acting may contradict the usual mantra of global players who believe passionately in thinking global and acting local. But when it comes to intercultural marketing, it is perfectly appropriate to engage with the cultures of the target markets. Companies from the investment goods industry are particularly dependent on corporate communications that offer cultural relevance when they want to move into new markets. This is so because the ability to compete with already established local suppliers is best-achieved using an emotional approach. Therefore, it is vital to see things from the local culture's perspective. Investors from China to America are constantly coming up with more and more comparable products and services as these same products and services all start to look identical. Just as we are familiar with our own, over-saturated market. To stand out from the competition, real sales arguments need to be emotionalized. This brings us to the keyword UAP (Unique Advertising Proposition), and we're already on a cultural skating rink, since if implemented badly, this UAP can quickly lead to misunderstanding. A good advertising message combines factual arguments with the target group's emotions. This produces a statement that is characterized by positive associations – the UAP.

What cultural differences need to be taken into account? If we compare other cultures with our own cultural gravitational radius, stereotypical differences become obvious. But do not be satisfied merely with these. Factors such as the ideal choice of communication medium, the timing and the design can play a tremendous role in determining the success.

These include, for example:

- symbols, colours, effects of words, associations and physical gestures

- use of the media / preferred channels
- working patterns / leisure behaviour

Even as an SME, it is worthwhile including members of the culture and intercultural marketing professionals in the design of printed brochures, websites, corporate videos and other communication products. Normally, budgets in the investment goods industry tend to be smaller than those in the consumer goods industry. So it is essential to get it right.

It seems as predictable as it is logical that product names that are simply taken over into the target language can in some cases produce undesirable associations. In worst-case scenarios, product names that have not been culture-checked can result in fatal provocations that entail massive losses of image.

Even large companies occasionally find that the campaigns that run brilliantly on their home market do not take off abroad. Companies that focus too much on the domestic market and only later – once sales are high – think about the feasibility of using the product name in other languages will need to be prepared to make considerable extra efforts. It is, therefore, worth thinking about possible associations right from the start. This will also save money in the long term (I06).

*Before expanding: seven tips for intercultural marketing*

**Names:** The names of the products and services support their recognition. Before introducing names, it is advised to check their compatibility and impact in the target languages that are relevant in the long term.

**Features:** The intensity of spiciness is perceived differently in Germany, for example, than in Egypt or Denmark. Therefore, cultural preferences for certain products, services and their form have to be taken account. A look at regulatory, legal and cultural standards is also worthwhile.

**Use of imagery:** The impact of colours, gestures and symbols is often coded in a culture-specific way. Campaigns that are designed to meet international standards must comprehensively satisfy the requirements of the target markets.

**Values, religion and symbols:** Flagrant alcohol consumption and lascivious poses quite obviously go way beyond the tolerance limits of many cultures.

**Use of the media and sales channels:** People from southern Europe shop online less than people from northern Europe. And they do it at different times of the day with certain credit cards in accordance with specific terms of payment and delivery. Therefore, it is advised to coordinate the sales mix with the preferred sales channels and buying habits of the target group using country-specific cross-media strategies.

**Social Media:** Facebook and Twitter are internationally known platforms. In some countries, social media are censored, such as Facebook in some Arabic countries and China. Developing local communication channels and integrating these into a global social media strategy can also be very beneficial. It should be noted, for example that the Japanese prefer to blog, Latin Americans prefer to upload photos and Western Europeans mostly regularly update their profile.

**Mass units:** How many litres are a “shen”, “dou” or “dan” in China? It is advised to make it easier for consumers to choose with international size and conversion tables (I06).

Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster. Despite the evidence that groups are different from each other, we tend to believe that deep inside all people are the same. In fact, as we are not aware of other countries’ culture, we tend to minimize cultural differences. This leads to misunderstanding and misinterpretations between people from different countries. Instead of the convergence phenomena we expected with information technologies availability (the “global village culture”), cultural differences are still significant today, and diversity tends to increase. So, in order to be able to have respectful cross-cultural relations, we have to be aware of these cultural differences (I07).

## Conclusion

International managers and marketers face a dilemma in terms of international and intercultural competence. In this globalised world it is not enough to be a well-trained marketer or businessman, thorough knowledge of the specialities and similarities of international markets and foreign cultures is also essential.

The international marketer’s task is more complicated than that of the domestic marketer because the international marketer must deal with at least two levels of the uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of all business environments. Each foreign country in which the company operates adds its unique set of uncontrollable factors, such as level of technology, structure of distribution, geography and infrastructure, competitive forces, economic forces, political/legal forces. In the present paper the importance of the cultural forces has been highlighted. To be successful on foreign markets, it is essential to be familiar with the differences and similarities of foreign markets and foreign cultures. We should remember that geographical closeness does not automatically mean cultural closeness.

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