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SCHOOL OF BUSINESS
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PEST - Culture

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OUTLINE OF THE LECTURE

1. Definition of culture in marketing.
2. Categories of cultural environment.
3. Cultural dimensions by Hofstede.

1. DEFINITION OF CULTURE IN MARKETING

- „The effects of culture influence us from birth, we do not choose them, we are not born with them and we often do not even realize them. In culture, we can consider many aspects, such as relationship to religion, sex, food, greetings, customs, values, lifestyle, the role of women in society and others.’ Usunier & Lee (2005, p. 5).
- For marketing management of a company, however, is better to use more comprehensive approach to culture. Such approaches are usually built on the recognition of the substantial differences significantly modifying interpersonal perception and communication. Usually, these differences are also able to affect the mutual comprehension and understanding, which then positively or negatively affects mutual success in work and business (Nový & Schroll-Machl, 1999).

2. CATEGORIES OF CULTURAL ENVIRONMENT

- To better understand what impact the cultural environment has on the individual marketing activities, it is necessary to divide the environment into certain categories:
 - Language (A).
 - Religion and belief (B).
 - Education (C).
 - Law.
 - Politics and economics.
 - Social organization and stratification.
 - Aesthetics and art (D).
 - Values and beliefs □(E) □ etc.

A. LANGUAGE

- Language is a key feature of every nation. It fulfils many functions, e.g. enables communication, access to the society, provides collection of information, provides social and cultural norms, etc. Language is not understood just as a set of words, but expresses many different nuances in communication between businesses, between the firm and the client, or between employees.
- Names mean different things in various languages
- in many countries people speak several languages
- great fragmentation in the use of languages
- But it can be said that English has managed to penetrate many countries, or as the terminology used in many fields.

LANGUAGE FAIL

- An example from Czech Republic is Ikea that had issued flyers and billboards with the text “Doproděj Hoven” i.e. literally “Sale of Shit” (Špačková, 2010). How could this happen? Ikea leaves the names of products in Swedish. “Hoven” is the name of one kind of carpet, sold mainly in brown colour. Customers “giggled” but never bought this carpet, employees described. Advertising banner then automatically assigned the word “Sale” to the name of the product that didn` t sell well and Ikea wanted to get rid of the remaining pieces. This incident then resulted in re-naming the product which then started to sell well.

B. RELIGION

- It is clearly evident determinant of differences between European, Asian and Arab nations. It is a source of human values, beliefs, life style or consumer behaviour. In addition to the religion we must take into account the superstitions and taboos, which are based on it. They serve to religious organizations for either prohibition or promotion of certain consumer goods. Religion influences such cultural dimensions as the status of women in society, power distance, individualism and collectivism, etc.
- The problem can also be several different religions in one country, which is further fragmenting the market into additional segments.

CHRISTIANITY

- Christianity is the most widespread religion in the world (about 34%). Despite currently strongly atheistic society, it significantly influences the culture and traditions in the Czech Republic. For companies, it is important to know the dates of festivals and their importance, which is reflected in the structure and amount of consumption. But Christianity is not uniform and some facts are different in the world. E.g. Christmas gifts are exchanged from December 12 (Denmark) to January 1 (Russia).

ISLAM

- The second largest religion is Islam (18.44%). The principal book of Islam is the Koran, which determines the behaviour of believers and even criminal, commercial and civil law is based on it. Islamic countries represent a number of challenges for European companies, such as the lower status of women in society changing the form of communication both with customers and during trade negotiations. Timing of business varies with other holidays, such as Ramadan is fasting month when no deals get closed. Many products must be adjusted and some cannot be sold at all, for example due to the prohibition of pork, alcohol and cigarettes.

HINDUISM

- The third largest group of believers are Hindus (13.76%).
- Companies might be interested in the system of castes (social classes), which differ in consumption and lifestyle.
- Specifics are a strong family influence and the prohibition of eating beef.

BUDDHISM

- The fourth most popular religion in the world is Buddhism (6.21%).
- It is the biggest challenge for companies, because the main virtue is humility, which the faithful must adhere to in order to achieve their main life goal - Nirvana.
- For commercial success, however, companies may focus the orientation on interpersonal relationship and nature.

C. EDUCATION

- Education plays an important role in the transfer and sharing of culture, the individual learns many values thanks to it. Education can be divided into formal (school, workplace training, and courses) and informal ('school of life'). Globally, education systems vary widely, even in the European Union (despite the efforts of unification) there are many differences. Countries adhere to their traditional systems, whether they are more academic (United Kingdom) or more professionally oriented (Germany). Educational level of the culture can be evaluated using degrees of literacy, i.e. the number of students at secondary schools or universities.
- The problem for companies is the quality of education, how it is practically applicable and what skills students have. Some products require certain necessary set of skills from the customers, so education also affects consumption.

D. AESTHETICS AND ART

- It represents the visual arts, architecture, music, dance and more.
- It manifests itself in style and taste of people, it affects their views on what is and is not beautiful.
- For companies, it is a guide for decisions about product design, colour and shape of packaging, advertising or visual concept of gift items, employee clothing or style of shops, etc.

E. VALUES AND BELIEFS

- Cultural values are actually of a non-material nature, which the society pursues. They express a way of life. Typical values for Christians are freedom, democracy, and equality, for Muslims it is giving alms and pilgrimage to Mecca, for the Hindus it is fulfilment of inherited obligations. Opinions then determine attitude of the society to the problems, persons and things. They are often strongly rooted in national cultures, due to historical development. For companies, it is important to realize how to behave in different cultures, such as arrive on time in Germany due to their punctuality, do not communicate any personal material wealth in Cuba, do not enforce long work week for Latino due to their enjoyment of life, etc.

3. CULTURAL DIMENSIONS BY HOFSTEDE

- Basic cultural differences can be well illustrated by Hofstede's five universal cultural dimensions. Four of these dimensions were discovered based on the research of the IBM employees (116,000 employees from 65 states), namely: power distance (A), individualism (B), masculinity (C) and uncertainty avoidance (D). The fifth dimension, long-term orientation, was obtained from the Chinese research of values. All these dimensions are bipolar, measured in indexes with values \square \square in the range 0-100. The results are successfully used in marketing, especially in the area of \square \square cultural differences in consumer behaviour and marketing communication.

A. POWER DISTANCE (PDI) - RELATIONSHIP TO AUTHORITY 1

- This dimension reflects the degree of inequality, which is expected in the society, accepted and preferred. It is based on the premise that power is distributed unequally.
- The first group are societies that prefer a large power distance. Inequalities are considered to be natural and useful, therefore, are expected and required. The various social classes have firm and impenetrable boundaries that each member respects. There is practically no social mobility (marriage between a senior politician and peasants is out of the question). Organizations (institutions) are strictly hierarchically organized and authority is honoured. Sometimes the power even prevails over the law. Children are lead to respect elders, parents and teachers. This stratification of the population also leads to large income differentiation, accumulation of privileges and spectacular presentation of high status. (Malaysia, Mexico, India, France, Belgium, Japan, and Latin America)

POWER DISTANCE (PDI) - RELATIONSHIP TO AUTHORITY 2

- The second group are societies that prefer a small power distance. The emphasis in them is on equality and equal opportunities and rights for everyone. Formal status is not too important, people do not show off their titles and other expressions of their position, they often work in teams. There is a redistribution of wealth to reduce inequality, e.g. in the form of strong social policy. The accumulation of power and its exhibition is not considered good, on the contrary, the decentralization is supported. Due to free structure of organizations it is not uncommon for an employee to openly contradict his superior. The need for dependency is low. Children are raised up to be independent and able to take care of themselves as soon as possible, they are treated as equals to adults. In these societies with low power distance the middle class is often numerous. (Nordic countries and Ireland)

B. INDIVIDUALISM VERSUS COLLECTIVISM (IND) 1

- This Hofstede`s dimension captures how people act in a given culture, either as independent individuals or as members of social groups. The strongest group is usually a family.
- The value of personal freedom, privacy and independent decision making is important for the individualistic culture. It should be noted that members of such a culture feel a great responsibility for their behaviour. If ever people create relationships, those are only very weak. But they are able to maintain many of them. This amount of superficial relationship is flexible and less binding. The main goal is to complete tasks and be work efficient, building relationships (networking) is up in last place. (USA, Australia, Great Britain, the Netherlands, Italy, Denmark and Sweden)

INDIVIDUALISM VERSUS COLLECTIVISM (IND) 2

- In collectivist cultures the interest of a group prevails over individual interests. The cornerstones are harmony and consensus. Members are born into groups, they grow in groups and they are becoming part of new groups during their whole life. They also feel a strong sense of belonging to every group. Their attitudes, habits and beliefs are based on group affiliation. Thanks to this, it is easy to build loyalty to brands. Group membership forces them to act in a way that they do no harm to their group. In strong collective cultures members even take responsibility for other members of their group. Family has a strong role in such societies. No matter how branched out the relatives are, there are always strong bonds between them. (Malaysia, Japan (Asian countries in general) and Italy)

C. MASCULINITY VERSUS FEMININITY (MAS) 1

- Men and women are attributed to certain traditional features and behaviour. At the time of Hofstede's research, there has not yet been such an awareness of gender equality. Dimensions of masculinity and femininity focus on general values □ □ in society, differentiated based on approach to the general goals and purpose of life.
- The so-called masculine (male) cultures are focused on performance, strength, success and heroism. These cultures are materialistic. People behave aggressively and straightforwardly. Resolving conflicts with fight is no exception. Companies are very competitive, performance-oriented. Girls are brought up as gentle and sensitive, while boys aggressive and ambitious. (Japan, Germany, Switzerland and Italy)

MASCULINITY VERSUS FEMININITY (MAS) 2

- On the contrary, feminine (female) cultures are focused on interpersonal relationships and care. It is not just care about themselves, but also other people and the environment, thereby improving the quality of life. Managers are more intuitive, seeking consensus and not enforcing themselves so much. Conflicts are often resolved through negotiation and compromise, by virtue of the grace and modesty. Girls and boys are educated in the same way, they may cry, but are not allowed to fight. (Sweden, Norway, Denmark, Finland and the Netherlands)

D. UNCERTAINTY AVOIDANCE (UAI) - RELATIONSHIP TO RISK 1

- Uncertainty avoidance focuses on how is the society able to handle the uncertainty, their response to uncertainty and danger, and interpretation of the future. The future is unknown, to what extent are societies willing to tolerate uncertainty and what is their need to anticipate and prevent situations causing uncertainty, which is expressed by the uncertainty avoidance index.
- Societies with low index values □ □ take the conflict as a normal part of their life and are competitive. People easily tolerate differences, accept change and are more willing to take risks. Risk is an opportunity for them. It is associated with greater emotions and their manifestation. Because uncertainty and ambiguity is a normal part of their life, these societies have much less stress. (Great Britain, Sweden, Denmark, USA, India, and Malaysia)

UNCERTAINTY AVOIDANCE (UAI) - RELATIONSHIP TO RISK 2

- On the other hand, societies with high value of this index are less willing to operate with uncertainty. People suffer from anxiety, a lot of stress from the unknown and what the future brings. Therefore, they create a large number of fairly strict rules, laws, taboos and control mechanisms, in both formal and informal level. Thanks to that, the society is very conservative and people prefer stable social relationships and firm standards. They distrust innovation, because the stable structure of society significantly reduces the uncertainty. The static state of society and protectionism of its structure can lead to xenophobia and extremism. In such a system, people are losing any rights against the power of authorities, which they then do not trust. (Greece, Portugal, France, and Japan)

E. SHORT-TERM VERSUS LONG-TERM ORIENTATION (LTO)

- These dimensions were associated later with the previous four. Long-term oriented society is willing to engage in things that will bring up the effect after some time (CRM, long-term sustainability). Such cultures have historically acquired qualities such as perseverance, tenacity or thrift. Such behaviour is typical of Asian countries (Hofstede, et al., 2010).
- For short-term oriented society the main focus is on 'now'. There is therefore often a wasteful life (consumerism) and indebtedness. Examples are: the USA and all countries that are trying to catch up and equal with them (Průcha, 2010).

THE END

Thank you for your attention.

