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**SELECTION OF AN APPROPRIATE INTERCULTURAL
MARKETING STRATEGY AND ITS IMPLEMENTATION**

Bachelor's thesis

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ABSTRACT

This bachelor's thesis investigates companies' strategies for different markets and their implementation by three companies operating in multiple markets. Furthermore this paper explores the impact of cultural differences on their choice of strategies. To further study this matter three qualitative semi-structured in-depth interviews are conducted and the data gathered from the interviews analysed, results discussed.

The results of the study show that all the companies in this study have needed to adapt some elements of the marketing mix to fit the foreign market. However it also brings out that bigger and older companies who have been in the field longer need less to adapt to the market as they have already established their international brand image. Thus cultural differences' impact on their strategy choice was slighter than in case of smaller and newer companies. Overall, the main factors of cultural differences which influence the choice of a marketing strategy, are based on the company and its products.

Keywords: cultural differences, marketing strategies, different markets

INTRODUCTION

The world is full of rich cultural differences. Nowadays companies want to expand their business into other markets more than ever rather than just staying within one country. All cultures have their own customs and beliefs which influences how they communicate or see various matters. The failure to understand these differences may lead to misunderstandings and problems. Hence a company needs to develop a strategy to adapt to the local market, thus it is important to pay attention to cultural differences and analyse how much impact they have on marketing decisions. Moreover, it is important to find the right marketing strategy, suitable for the company and the selected market.

Therefore cultural awareness gives a better probability to succeed in a new market. Bonvillian & Nowlin (1994) bring out that only few of the many companies prepare for the new market and raise awareness amongst their employees about cultural differences while starting export activities. There are various intercultural marketing strategies, yet it is uncertain how companies select appropriate marketing strategies and why they decide to implement a certain strategy. That is the starting point of this thesis: an interest and a motivation to study this topic. How do companies choose their marketing strategies for different markets? How much do their decisions differ from each other? Furthermore, the author wants to find out how much impact cultural differences actually have on the marketing strategy choice.

The objective of the study is to find out what kind of strategies companies use for different markets and how much impact cultural differences have for the choice of their strategies. In order to achieve the objective, the author sets the following research questions:

1. What are the marketing strategies companies use when operating in different markets?
2. If they use different marketing strategies, then which ones and why?
3. How much impact have cultural differences on their strategy choice?

In the author's opinion, the best approach to study this matter is to use qualitative research methods because the emphasis is on understanding the phenomenon. The author wants to study

the matter as closely as possible from someone else's experience, which is the best done by qualitative research. In order to achieve the objective of the thesis, three companies are chosen and qualitative in-depth interviews are conducted. The interviewees are chosen based on availability and their exposure to operating in multiple countries. The interviews are aimed to be two-sided conversations in the hope to open up the respondent. A qualitative content analysis is then used to sort the information gathered from the interviews.

This thesis is a further development of the author's previous research (Lepik, 2017), as the author wanted to study the matter even further. However it important to note here that this thesis is a separate work with different objectives and it is not the replica of the previous research.

This paper is divided into two parts: the first is informative, theoretical, and the second part empirical, based on primary data. Secondary data is collected from academic literature to give an overview of intercultural marketing and prepare the author for designing the study and collecting and analysing the primary data.

The first chapter gives a theoretical overview of the subject. It describes the intercultural marketing environment. Moreover it aims to bring out different frameworks to understand the cross-cultural consumer behaviour, and different intercultural marketing strategies, explaining the course of choosing a strategy. All together the first chapter provides a profound background for understanding the topic.

The second chapter consists of two parts, methodology and the results. The methodology presents the selected research methods for data collection and analysis, and validates the choice of methods as well as research objects. Lastly the thesis presents the findings and the results of the study by analysing the interview texts.

To conclude, the author would like to thank her supervisor Kristel Kaljund for her support and guidelines throughout the whole process. Furthermore the author would like to thank the interviewees who were kind enough to share their stories and knowledge on the matter. The words cannot express the gratitude towards all the people who helped the author.

1. THEORY

In this section, a brief review of the extant literature relating to intercultural marketing is provided. It describes the intercultural marketing environment and brings out, how to understand cross-cultural consumer behaviour. Finally it gives an overview of intercultural marketing strategies and discusses, in which situations they should be applied. Given that this topic is voluminous, the most important definitions are brought out first.

One of the hardest and most important aspects of expanding businesses abroad is understanding the differences that occur in different cultures (Herbig 1997, 15). Here it is important to note that “Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other as conditioning elements of further action” (Kroeber, Kluckhohn 1952).

Marketing on the other hand is a management process for communication, creating, delivering and it is responsible for identifying and satisfying customers needs and requirements. Intercultural means taking place between cultures so intercultural marketing is based on satisfying the varied needs and wants of different cultures. (Herbig 1997, 15)

1.1. Intercultural marketing environment

In this section intercultural marketing environment is explained. The concept of globalization is brought out and discussed: does it change intercultural marketing? Do cultural differences have a role in marketing to a variety of markets and in which extent these differences influence consumer behaviour?

Globalization is ever more discussed in marketing. It has taken a rapid pace. The expanding of businesses has made cross-border marketing more relevant and therefore barriers of trade have been eliminated and global consumer culture has emerged. The assumption that everyone is moving towards a 'modern lifestyle' is the aspect of globalization that is most arguable and controversial. This brings out three main assumptions regarding this view of consumer behaviour. First is that the fact that we are moving towards a modern lifestyle is already given, as well as the assumption that technology makes everything better. Second, even if cultures are different, the societies can still be classified on the scale from traditional to modern. Third, the standard for placing a society on the continuity is its point of resistance to the alternations brought about by modernity. (Usunier, Lee 2013, 374)

Jain (1989) has brought out that some consider globalization achievable as of the increasing similarity and mobility of European consumers. Furthermore that Western Europe, United States and some Asian countries, which produce most of the products and take majority of the world market, appear to be quite the same and therefore fit for globalization. (Jain, 1989)

However some researches argue that globalization has not changed anything for marketers and that still each culture needs to be studied prior to choosing the best way to market to the culture (Tse *et al.*, 1988; Hermeking, 2006; Wei, Yazdanifard, 2014). Tse (1988) further brings out that the globalization is uneven along different cultures, which clearly implies that there is a need to understand cultural factors in intercultural marketing. Wei and Yazdanifard (2014) agree that each marketing strategy should be adapted to the certain culture despite of the expanding culture as there are still differences in many factors such as usage conditions, purchasing power, laws and technological development and so on.

Hence cultural differences play an important role in intercultural marketing. To understand the intercultural environment, it is important to first understand the cultural differences and what factors affect those differences (Herbig, 1997, 24; Usunier, Lee, 2013, 350). Doole and Lowe (2008) add that the key difference between local marketing and international marketing is the complexity of handling many different cultures. Therefore while marketing in many places the marketer needs information about all the cultures (*Ibid.*).

Intercultural marketing environment depends on a variety of factors and while expanding into another market it is important to know culture and cross-cultural differences (Herbig, 1997, 24;

Usunier, Lee, 2013, 350). Culture and cross-cultural differences can be seen in a variety of human interactions including language, non-verbal communications, religion, time, space, colour, numbers, materialism, manners and customs, aesthetics, status consciousness and food preferences (*Ibid.*). Moreover all these differences may affect the consumers' buying behaviour and perceptions (Doole, Lowe 2008). Therefore any of these interactions are potential pitfalls if the company doesn't look into those differences (Herbig, 1997, 24; Usunier, Lee, 2013, 350).

Language and non-verbal communications shape people's worldviews, because the words we use and the way we assemble sentences correspond to particular assumptions and experiences (Usunier, Lee 2013, 374). Therefore language has a large impact on marketing decisions such as the products brand name and advertising campaign (Doole, Lowe 2008). Time and space impact many aspects of material culture like sense of ownership, preferences of durability and so on (Usunier, Lee 2013, 374). For example a culture's attitude towards time shows the importance of personal relationship development in business, and pace is also an important factor as in many cultures it is odd to stand close to each other and it is considered to be as invasion of personal space (Herbig 1997, 21). Other cultural assumptions mentioned above influence human interaction as well and define who someone is and what are their beliefs. Therefore these differences influence people's attitude, actions, feelings and their consumer behaviour (Usunier, Lee 2013, 373).

Religion has also a strong influence on the beliefs and practices around the world, thus a smart businessman might want to consult and oracle or soothsayer about the propriety of their marketing strategy. Colours have different meanings for different cultures, as grey is associated with inexpensive products in China and Japan but in United States it is associated with expense as well as high quality and dependability. Manners and customs are different to cultures as well and it is important to know them to understand intercultural environment. Some things that are considered polite in some cultures may be considered rude in others. (Herbig 1997, 20-27)

Usunier and Lee (2005; 2013) further bring out that there are three major points of cultural influence on consumer behaviour and understanding intercultural environment that need to be considered while expanding into another culture. First there are the hierarchies of needs, which shape the demand. Then there are culture-based values especially individualist or collectivist orientations, which influence purchasing behaviour and buying decisions. Finally institutions,

which influence consumer behaviour, given that most consumption is rooted in social life, a large part of which is institutionalized. (Usunier, Lee 2005; 2013)

Maslow's "Hierarchy of Needs" sets a hierarchical order of universal needs. In his theory physiological needs need to be satisfied first, as those are the ones that help us survive. Then there are safety needs such as personal security and health and well-being. After that comes need for friendships, intimacy and family, which is called a social need. Esteem need such as desire to respect others comes next. Finally when all other levels of needs have been satisfied we start think about our full potential as a human being, which is self-actualization. (Maslow, 1943)

However Maslow's theory may not apply in every culture as some cultures encourage self-actualization and discourage the pursuit of lower level needs. Furthermore similar kinds of needs may be satisfied in very different ways. This shows that Maslow's theory is not supported across cultures and that lower level needs do not always have to be satisfied for the needs for the next level to appear. Although the order of needs may vary for different cultures, the needs themselves are strikingly consistent. (Usunier, Lee 2013, 88)

Individualist or collectivist orientations can be defined as people looking after themselves versus people belonging in groups that look after them. In individualistic cultures self-actualization is important and one's identity is in the person. However in collectivistic cultures their identity is based on the social system to which they belong. (Mooij, Hofstede 2011, 182)

Usunier and Lee (2005, 89) add that in collectivistic cultures people decisions are strongly influenced by others; for instance in China one have to take into account one's family members while making a purchasing decision.

Mooij and Hofstede (2011, 182) further bring out that for collectivistic orientation cultures it is important to first build a relationship and trust between parties while doing business whereas individualistic orientation cultures want to get to the point fast: this is why advertising needs different roles such as persuasion versus creating trust.

Institutions have an influence on marketing environment that need to be taken into account while entering into other culture's market. Usunier and Lee (2013) bring out that for instance in Germany trade unions strongly oppose an extension of store opening hours and shops that don't

stay within the regular opening hours are strongly fined. In Germany the shops are usually closed on Sundays and Saturdays the opening hours are limited, which means that German consumers need to do their shopping on Saturday mornings. This fact raises for example an opportunity for online shopping providers, as it is a good substitute. (Usunier, Lee 2013, 91)

To sum up: while aiming to understanding the marketing environment, the first step should be recognizing and analysing cultural differences, which can be seen in many human interactions. Only then it is possible to bring out what influences the consumer behaviour and shapes the intercultural marketing environment. The three most common factors which shape the marketing environment and thus need to be evaluated, are the hierarchies of needs, culture based values and institutions.

1.2. Cross-cultural consumer behaviour

This section explores some of the ways that a culture can be analysed within an intercultural marketing context. It further investigates cross-cultural consumer behaviour and provides different approaches to understand it. It gives an extent overview of the most common models and frameworks that are used.

According to Herbig (1997), one of the most crucial and difficult aspects of doing business in a foreign country is understanding the consumer's behaviour. It is important to understand the differences in cultural perceptions and values, and the differences in needs within a society. A good marketer seeks to understand the local consumers behaviour as marketing is based on satisfying the different needs and wants of all its customers. (Herbig 1997, 15)

In order to understand international consumer behaviour there are many different studies that provide various approaches (Rugimbana, Nwankwo 2003, 142; Samli 1995, 10). Rugimbana and Nwankwo (2003, 142) present three ways to approach the analysis of cross-cultural consumer behaviour. They examine cultures by using Hall's high/low context analysis, Hofstede's dimensional model of national culture and Kluckhohn and Strodtbeck's framework for studying cultural differences on dimensions such as focus on past or future events and beliefs on individual or group responsibility for personal well-being (*Ibid.*).

Hall's high/low context analysis divides cultures into two high context cultures and low context cultures. High context societies value human interaction more and the way the message is given than the words themselves, however low context societies are the opposite and they emphasize just the opposite, therefore it is important to be as explicit as possible (Samli 1995, 10; Rugimbana, Nwankwo 2003, 142). For instance in high context cultures messages creating emotions are more preferred than in low-context cultures, where direct and rational advertising messages providing product information are more valued (Hermeking 2006, 196). Compared to Hofstede's model, Hall's is less operational, however it is more flexible and it enlightens us about cultural insights and tendencies (*Ibid.*, 201).

Hofstede's dimensional model of national culture is mostly used when it comes to cross-cultural consumer behaviour research implying that the concept of culture represented by his theoretical model is widely accepted, but also the most static, generalizing, and simplifying approach (Mooij, 2015; Mooij, Hofstede, 2011; Holden, 2004; Hermeking, 2006). It is a framework for cross-cultural communication, which explains society's culture effect on the values of its members and how those values relate to behaviour (*Ibid.*). Hofstede found five dimensions of national culture: power distance, individualism vs. collectivism, uncertainty avoidance, masculinity vs. femininity, long-term orientation vs. short-term orientation (Mooij, Hofstede 2011, 182). The power distance index is about the acceptance of inequality in power and authority between individuals in a society. Individualism vs. collectivism index explores the extent to which people are integrated to groups versus the extent to people looking after themselves. Uncertainty avoidance captures the degree to which individuals in a culture feel threatened by vague or unfamiliar situations. Masculinity vs. femininity examines the degree to which cultures prioritize performance, winning and achievement (masculine), versus consensus, sympathy and quality of life (feminine). Long-term orientation vs. short-term orientation focuses pursuit of peace of mind versus pursuit of happiness. (Rugimbana, Nwankwo 2003, 143) According to Hermeking (2006, 213), it is also the most static and simplifying model and Holden (2004, 564) comes to a conclusion that Hofstede's framework is all too blindly followed and a new theory of culture that suits international marketing both as an academic discipline and as a professional activity is needed. Engelen & Brettel (2011) agree that Hofstede's framework is overused and that other alternative framework should be considered with more cultural dimensions and with newer country classifications.

Kluckhohn and Strodtbeck identify five value orientations (Rugimbana, Nwankwo 2003, 213):

1. Human nature orientation. This is about innate human nature.
2. Man and nature orientation. Beliefs about the need and responsibility to control nature,
3. Time orientation. This covers the temporal focus of human life (past, present, future).
4. Activity orientation. Whether people value individual's accomplishments or his/her innate personal traits.
5. Relation orientation. Beliefs about social structure.

These orientations vary by culture and the type of orientation in a certain culture does not only affect how individual sees the world but how they communicate as well. (*Ibid.*)

Samli (1995) mentions another two studies that have made a stride towards understanding international consumer behaviour. First is Richard Brislin's book "Understanding culture's influence on behaviour" which brings out that individuals who live in a collectivistic culture are more influenced by others than mass media or self (Samli 1995, 11). Then David Riesman's theory, which divides people into different cultural groups with different types of behaviour: inner directed, other directed and tradition directed (*Ibid.*).

The inner-directed people are the individualistic people who are capable of great stability, which means that they don't need social approval. Their directions to follow in life have been learned in a small environment and privacy of their homes. In contrast to this other directed people are affected by far wider circle than only by their parents. In this case others influence individuals, which means that others may affect their purchase behaviour. Finally tradition directed people are strongly tied to their past and traditions. It is expected that they behave in a certain way rather than that they are a certain type of people. (Riesman *et al.* 1950, 25)

In conclusion it is crucial to understand consumer behaviour while expanding into other markets. There are many different frameworks that provide ways to understand cross-cultural consumer behaviour but two stand out the most. Hofstede's dimensional model and Hall's high/low context analysis are most commonly used. However it is worth to consider their reasons of popularity and limitations and utilities of their implied concepts of culture (Hermeeking 2006, 212). Therefore they may not be good for each case, however in this research the author prefers Hofstede's dimensional model as it has more layers than Hall's high/low context analysis and it is more static and simple to use.

1.3. Intercultural marketing strategies

This part brings out intercultural marketing strategies' perspectives and product strategies. It explains their differences and provides information about when each strategy should be applied.

Companies who want to exist or sell their products in different markets need to understand that cultural practices may be found in the global market whereas the underlying values that explain motives for buying are different and not global (Mooij 2015, 648). Intercultural strategic considerations include many factors such as product design, market entry strategies, recognizing original market effects, managing collaborative relationships and evaluate capital requirements (Javalgi *et al.* 2009, 280).

Usunier and Lee (2013) and Lim *et al.* (2006) bring out three major perspectives on intercultural marketing strategies, which are standardization-adaption approach of market offerings, geographical concentration-dispersion of the structural or organizational aspects of the value chain and integration-independence of competitive processes. Lim *et al.* (2006) add that each of those three characterizations captures an important side of international marketing strategy. Together these characterizations provide many options on how intercultural companies can choose to serve its customers and on which conditions (*Ibid.*).

The most common of those three is standardization-adaption approach of marketing offerings (Jain, 1989). Standardization refers to application of the same product, price, distribution, and promotion program in different markets (Jain 1989, 70; Lim *et al.* 2006, 500). It has two aspects marketing program and marketing process and an organization may standardize one or both of this aspects; the program is a function with marketing-mix elements (product, price, promotion) and marketing process is about the tools that help program development and execution (Jain 1989, 71). The main problem with standardization is that it is very difficult to implement and unsuccessful standardized strategy could lead to serious consequences; in addition when applying standardization strategy we become less considerate of local needs and distance ourselves from the market and customers hence often lose market share in local markets (Herbig 1997, 34). Jain (1989) further explains that combining empirical and theoretical works in international marketing and strategic planning develops the standardization decision model. Moreover in the surroundings where marketing infrastructure is well developed the standardization is most feasible (Jain 1989, 71). Virvilaite *et al.* (2011) came to a conclusion that

the degree of standardization is determined by external environmental and internal organizational factors and standardization is a tempting choice in the case of the cost leadership strategy. According to Herbig (1997, 39) and Hermeking (2006, 192), nondurable consumer products are considered to be strongly influenced by culture and therefore they are likely to require customization and are difficult to standardize. However industrial goods are considered to be more independent and culture does not have so much impact on those goods, therefore they are easy to standardize (*Ibid.*). The alternative to standardization is adaption, where every country is approached as a separate market and marketing-mix elements adapted to the needs of each market (Herbig 1997, 34; Lim *et al.* 2006, 500). According to Herbig (1997, 34), while implementing adaption strategy a company enters a foreign country with no assumptions about the market and it conducts its own market research or outsources to find out the needs of the local market – the disadvantage of this strategy is price discrimination, that different markets have different prices.

The geographical concentration-dispersion characterization of international marketing is concerned more with the geographic design of international marketing organization (Lim *et al.* 2006, 500).

The underlying premise of this perspective is that the multinational firms should arrange the optimal value chain in that way that local needs are satisfied and the scale and national comparative advantages are used. The emphasis is on the geographic concentration and dispersion of the value chain activities. The concentration of value activities can cause cost advantage that arises with increased output of a product and increase gradual gathering of specialized knowledge. However with geographical dispersion of value chain there is a better contact with the customers and competitors. Moreover it makes it possible to react quickly towards competitive innovations, market conditions and adapt the product to local customers needs. (Usunier, Lee, 2013)

A third characterization of international marketing strategy is the integration-independence perspective and it deals with organizing competitive marketing activities across country markets and is heavily influenced by competitive warfare competition (Lim *et al.* 2006, 500). On one hand subsidiaries are treated as an integrated network and therefore they may decide to cross-subsidize its competitive competition across countries; on the other hand they are treated as independent profit centres that are responsible for their own markets (Usunier, Lee, 2013).

Keegan (1969, 58) further brought out five product strategies for international marketers. First strategy is product extension, which means that a company sells the same product all over the world with no adaptations and uses the same advertising and promotion themes. However this approach doesn't work for all products and some need adjustments. Therefore there is a second strategy that focuses on adjustments in marketing communications, which means that a product will serve a different function than that which it was originally designed when expanding into foreign markets. A third approach to international product planning is product adaptation and it assumes that the product will serve the same function in all the markets but under different use conditions. (*Ibid.*, 60)

Virvilaite *et al.* (2011, 110) mention that adaptation strategy is a good choice in the case of differentiation strategy because of the integrity of strategic goals. The fourth strategy is dual adaptation so both the product and the communication is adapted according to the local market (Keegan 1969, 60). In essence, it is a combination of the last two strategies. Lastly there is the strategy of product invention where new products are developed to satisfy the identified need or function of the potential customer (*Ibid.*).

Enterprises that are operating in more than one country need to consider how much to adapt their business and marketing strategies to the local market's conditions (Javalgi *et al.* 2009, 378). For that there are many different strategies, which give the outline how to develop marketing while expanding into other markets (Keegan, 1969; Usunier, Lee, 2013; Lim *et al.*, 2006).

To summarise, there are three major perspectives on intercultural marketing strategies:

1. Standardization-adaptation approach of market offerings, which is about whether to apply the same marketing mix everywhere or to adapt something.
2. Geographical concentration-dispersion of the structural or organizational aspects of the value chain, which is concerned with the geographic design of marketing organization
3. Integration-independence of competitive processes, which deals with organizing competitive marketing activities across country markets.

And there are five product strategies that support standardization-adaptation perspective:

1. Same product everywhere.
2. Same product but different function in different markets.

3. Product adaption but same communication.
4. Both the product and the communication are adapted.
5. New product development.

1.4. Cross-cultural aspects of marketing mix elements

In this chapter all the aspects of marketing mix elements and how they influence intercultural marketing are brought out, as well as what should be considered when adapting these marketing mix elements.

Promotion is one of the key factors in intercultural marketing. The way cultures react to communication and messages is different and therefore the marketers that understand that are more likely to succeed. When one wants to market one's product/service in more than one culture with the same advertise than a nonverbal or visual ad is the best way to go. However body motions are interpreted differently among some cultures, so this is something that needs to be taken into account as well. In case of verbal messages when dealing with different cultures, there may occur translation problems, which can be fatal for the campaign or at least embarrassing. Hence when translating an advertising message it is important to hire a native speaker to avoid any miscommunication. To succeed when advertising in foreign markets the advertisement message must be meaningful in terms of the people and their experience, appeal to the targeted audience, and not offend sensitivities. Moreover it would be wise to understand the local regulations to avoid certain effects upon promotion. (Herbig 1997, 126)

The consumers often consider price of a product/service as an indicator of its quality (Burton, 2009). Hence effective pricing is one of the major elements in the successful intercultural business operation (Herbig 1997, 213). Cultural habits, incomes and consumer preferences are all factors that may be different in various cultures; hence the same product or service may need totally different prices in different markets – there factors should be considered when pricing in a foreign market such as exchange rates, different values of the product, local competition and marketing costs (*Ibid.*). Moreover, according to Burton (2009), it is also important to consider if the local market is a place of bargaining or not to set the right price for that market when pricing a product/service.

A product consists of three major elements: the core products, the physical entity; tangible product. In order for any success to be realized it is important to first understand how a product is currently utilized to know which aspects of a product should be adapted. Thus there are aspects that need to be considered when trying to sell your product or service in a new market. There is the packaging of the product if it is fit for the new market and if anything needs to be changed. Moreover the brand name, if it has the same meaning in a different culture, because brand names are the face of the product and communicate messages to a consumer. Lastly the features of the product: dimensions, size, capacity, and volume. It needs to be considered if all of these features are appropriate for all the markets or not. All these factors need to be considered when expanding your product into other markets. (Herbig 1997, 94)

To sum up, all of the marketing mix elements are influenced by intercultural marketing and they have various aspects that should be considered when expanding one's business to a new market and each aspect has its one role.

1.5. Expanding into other markets and choosing the strategy

This part explains what a company should do before expanding into other markets and how to choose the right strategy and which steps should be taken into account when doing so. Furthermore it brings out how the best strategy is defined.

While expanding into other markets the first thing a company should do is conduct a plan and define its future aims and objectives and how it is going to achieve them. While doing this it is important to evaluate the current and future market opportunities and assess its capabilities. Furthermore the company should try to predict how things that are out of their control might affect its objectives while expanding. The plan should answer these three questions: Where is the company now? Where does it want to go? How might it get there? (Doole, Lowe 2008)

In the third stage of the planning the company must start to think of their marketing strategy. While choosing a strategy when entering a new market it is important to think which strategy could increase the likelihood of success (Herbig 1997, 105). The best strategy is the one that maximizes the present value of cash flows associated with business operations (Keegan 1969, 60). Unfortunately the best intercultural marketing strategy does not exist and each company has

to choose the best one for them (*Ibid.*). Each company has to decide how much they have to adapt their product or if they have to adapt it at all while entering a new market (Herbig 1997, 105; Keegan 1969, 60).

Firstly marketers must understand the importance of getting to know the culturally based ethical norms that exist in the countries where the company wants to expand (Singhapakdi *et al.*, 1999). Therefore the first step a company has to make when choosing a strategy is conducting a market research to understand if something needs to be changed and which aspects need adapting in order to appeal to the local market (Herbig 1997, 105; Keegan 1969, 61). Furthermore Keegan (1969, 61) states that it is important to apply the systems analysis technique to each product in question to find if adaption is unavoidable. He brings out examples of mandatory adaption like products calibrated in inches going to metric markets or products going into markets where maintenance standards and practices differ from the original design market and so on (*Ibid.*).

The second step would be company analysis to find out companies product communication development and manufacturing costs since it is needed to find out if adaption would survive the test of profit effectiveness and if it is later profitable or not (Keegan, 1969; Usunier, Lee, 2005). Usunier and Lee (2013) bring out that it is wise to standardize when significant cost advantages can be achieved and adapt only when it is avoidable and necessary. Keegan (1969, 61) adds that a company needs to not only analyse the costs that adaption will bring but also needs to evaluate companies overall ability to adapt. A profound analysis of the company is needed and the SWOT framework is good for that because it does not only bring out the strengths and weaknesses but also the opportunities and threats (Doole, Lowe 2008). Companies are not well equipped to apply adaption strategy when they lack perceptual and information system capabilities and in that case it is better to concentrate on products which can be extended or they should concentrate on developing of those capabilities before using adaption strategy (Keegan 1969, 61).

After those steps a company can choose a most profitable intercultural strategy that is best for them (Keegan 1969, 62). Since they have gathered all the information needed about the market itself and the company's abilities to choose the best option for them. Furthermore, it shows us that market research is crucial while developing a strategy to enter a new market as it gives us so much valuable information on the local markets preferences and cultural habits. (Herbig 1997, 106)

Wrapping it up, each company needs to develop a plan and define its future aims and objectives while expanding into other markets. It will prepare the company for the next step, which is choosing the marketing strategy that fits them the best. There are three major steps that a company could take prior to choosing the strategy:

1. Market research: to find out if something needs to be changed.
2. Company analysis: to find out companies product communication development and manufacturing costs.
3. Companies overall ability to adapt: to find out if companies are well equipped to apply adaption strategy.

In conclusion, while expanding into a different market certain steps must be made so success would be achieved. It is crucial to do market research to get to know the local market and consumer behaviour. For understanding consumer behaviour and conducting a market research, the right framework should be chosen to evaluate the local culture and it's affect on consumers. In this thesis the author thinks that Hofstede's dimensions suit the best as three different companies are studied, thus, it is the best to use the simplest framework. All this provides key information on how to approach a certain market and what strategy to use. In the case of a small company the best strategy could be standardization or adaption of only one part of the marketing mix. Otherwise it would be too costly and wouldn't pay off to expand.

2. THE STUDY

2.1. Methodology

The objective of the study is to find out what kind of strategies companies use for different markets and how much impact cultural differences have for the choice of their strategies. In order to achieve the objective, the author sets the following research questions:

1. What are the marketing strategies companies use when operating in different markets?
2. If they use different marketing strategies, then which ones and why?
3. How much impact have cultural differences on their strategy choice?

A qualitative research method is chosen for data collection and analysis as the emphasis is on understanding the phenomenon. The author wants to study the matter as closely as possible from someone else's experience, which is the best done by qualitative research. Three qualitative in-depth interviews are conducted to answer the research questions, to study the matter profoundly. The three interviewees are selected based on availability and their exposure to operating in multiple countries.

The interviews were recorded and took place in a closed safe environment, so that the respondents would feel as comfortable as possible. As Hennik *et al.* (2011) bring out, in qualitative research it is important to study things in their natural settings, therefore the interviews were done in Estonian, the mother language of the interviewees and the author, so that the interviewees would be relaxed and cooperative. Interviews were planned as two-sided conversation in the hope to get more information from the respondent. The interviews lasted 30 to 45 minutes. They were recorded with the consent of the respondents and then transcribed in order to provide a text for the analysis.

Lastly a qualitative content analysis is carried out to sort the information gathered from the in-depth interviews. The categories of this analysis were based on the countries that the companies

had expanded to. The interview frame and the transcriptions can be found in Appendix 1 and Appendix 2.

2.2. Analysis

Here the interview text is analysed, in order to get an insight into the companies' marketing strategies. The first company X is a small cosmetics company in Estonia who has recently expanded to a foreign market. The second company Y is a small Estonian company that sells electronics components in multiple markets. Finally, the third company Z is a seasoning company, which operates in a range of countries and is the biggest and oldest company in this study.

2.2.1. Case 1: Company X

The interviewee mentioned 6 different countries as target markets, Germany, Finland, Arabia, Denmark, Singapore and Indonesia, that company X sells their products to in addition to Estonia. The author felt that three countries stood out the most and were more concentrated on. Those were Germany, Finland and Arabia as the interviewee himself talked more specifically about these markets and their strategies.

Germany

The most common intercultural strategy for company X seemed to be using distributors as they ended up using distributors for most of the markets. Germany was the first market that company X started to export to and they knew from the start that they want to take one market at the time. Furthermore, the reasons behind choosing distribution as their strategy were clear as well as they lacked the cultural knowledge of the local market and considered distribution to be the least costly option for them.

“When it comes to the strategy, then it was certain from the beginning that we were going to take one market at a time as we are a small company. We would not be able to handle too much, so even that you need to translate and support your distributor etc. The strategy to use a distributor was set as well, because we thought that he would feel the market better, so the German dealer helped us to put the price in place for the products.”

This is where it is seen that from the marketing-mix elements the company has adapted the price for the foreign market. However the implementation process of their strategy hasn't been so smooth as distribution strategy for German market has changed a lot over the years. The expansion to Germany wasn't an easy process as company X has faced many problems and was confronted with cultural differences at the beginning.

“But at that time, it was not very clear how to do it. At first we thought of such a strategy to go to Germany to some sort of high end perfumery or organic perfumery, which began to emerge three years ago. Lets say that right now organic is more of a niche product but at that time it was more like luxury products that we considered and looked around among the organic brands. For them it didn't seem okay at all that the product didn't have a scent in them. They said that we were crazy to send them products that smelled like grass and fish.”

Hence the culture's impact on the strategy was considered quite big. There were many signals for the company to pack their bags and end the process to export to Germany. It is seen that in the beginning it seemed quite hopeless and the market wasn't welcoming towards their products.

“They thought that the customer wouldn't buy. And then the Enterprise Estonia paid off the guy who made calls and afterwards made us the report where he had contacted like 30 people and no one was very interested.”

However, they were not ready to give up just yet. So at that point of the process the company even considered the product adaption strategy, which means that they thought of adapting the product to fit the market.

“For a while I even wanted to change the smell just for the outside market or that we use some kind of scent there as the smell of hemp didn't work at all. I just said that I will run against the wall in Germany as this takes so much time. However as this business is related to our personal values and my business partner said that let's stay true to our brand and to ourselves because perfume substances are not good for your skin and our brand has the purpose to heal the skin.”

But at the end they chose to stay with the standardized product and stay true to their brand. So they chose to ditch the contacts they got from EAS and tried to find some contacts through their acquaintances, which worked well for them, as they got their distributor rather quickly as one of

the founders had friends in Germany. Furthermore, this contact was interested in their products from the start and was eager to start selling them.

“Then I started to think that the way to go is through acquaintances as I feel like all this business works through acquaintances. At that time I had a friend whose parents lived in Frankfurt, so I went there and met his father who was involved in oil distribution. So I met him and he had interest in our products and said we will take you in and that our brand is superb. After that he started to sell our products in their own shop and they started to distribute our products.”

However it seemed that the even though the distributor was interested in their products he wasn't committed enough to constantly deal with the distribution and didn't seem to have time to improve the process.

“In their shops the sales are good but in my opinion they are quite lazy or overloaded in the distribution part.”

The marketing strategy adapted in Germany's reveals that even though they used a distributor they still were involved in the marketing process themselves and there is much more communication with the distributor.

“In some sense we feel that we have been too open and we are too open to their suggestions, as they always want to develop our products. They try to do their job, they try selling the product, and they get some feedback that something isn't working. Then, generally, feedback is provided, that now you could do that, that you could have glass packages, so it would be more organic.”

The interviewee mentioned many times that for them they just wanted to produce the product and the selling part was for the distributor. However this didn't work out for them the way they wanted, and right now they are considering different strategies instead of using a distributor.

“We have wanted some sort of a system that we only concentrate on the production and the distributor deals with everything else in the foreign market. However, we feel that this isn't working and nothing is moving so we are considering ditching the distribution strategy and hiring a person to deal with exports. In fact we have an interview with one person on Friday.”

Finland

Finland was the second market that company X expanded to. In this case the cultures impact to the decision to choose the strategy was smaller as company was approached by the distributor himself, saying that he wants to sell their products in Finland. It may seem that it wasn't a conscious choice to expand to Finland, but in this case it is not true. Even though they didn't need to start the process themselves they still knew that the Finnish market is the right market to take as they saw that Finland may have many people who are interested in their brand.

“In Finland, where there are a lot of allergy sufferers and everyone this brand seems to work well as it smells completely like a natural one, and it has no extra floral smell or something else added.”

When expanding to the Finnish market, the company first considered the strategy were the product is the same everywhere but it has different functions in different markets. They wanted to sell their products to Finland in the purpose of beauty salons using them in treatments rather than just selling the products alone for home usage.

“There we changed the strategy. At the beginning we wanted to sell out products only to Finnish beauty salons for the purpose of treatments as we had like 5 treatments that already 4-5 Estonian salons used. As some sort of green wave of the organic cosmetics starts to become more popular in the professional field and the custom markets are quite full and don't have enough room for new products.”

Still in this case, the decision to approach the market with a different plan was not influenced by the culture, as the reasons behind the strategy change were related to the company itself. Since the company's product offerings were not big enough for the beauty salon markets rather than the market itself.

“We realized that it didn't work; the selling only to salons, as we didn't have enough treatments to offer that would include everything. Our brand wasn't build up as a professional salon brand; rather it is something that is nice to have.”

So it is seen that the Finnish distributor was more flexible and willing to change strategies to get the best result. Moreover the company itself had learned their lessons from the previous market

and knew to set more strict boundaries, because why have a distributor when you end up deciding and doing everything by yourself.

“When we started to expand to Finland we were stricter, or we were clearer on what we want and I think it is something that changes even more. Somehow in the beginning we were very forthcoming with the distributor, you wanted to teach them and help them in every way you could.”

In addition it seems that the Finnish distributor himself is more involved and interested in selling their products as he is constantly trying to find new clients for us to sell to.

“He has been with us for so long that he tries to find many new opportunities where to sell our brand.”

Arabia

Arabia is the latest market that company X has expanded to and thus, this market's strategy is the most well thought out. They still chose to use a distributor but this time they know how to set more boundaries and divide roles. Moreover, the distributor itself has had a vision and business plan from the beginning.

“In Arabia we have some sort of an intermediate, in that sense that we have a company who deals with selling European organic brands to Arabian countries and they are the kind that tries to put together a solid business plan.”

It seems that they are most pleased with the Arabian distributor, as in this case they are not so much involved. The distributor deals with everything else and company X only provides them with necessary information and isn't part of the strategy development process.

“Right now the situation with them is that we have sent them some samples and a product catalogue and they have translated them into Arabian language. This was about one and a half month ago. So at the moment they are trying to find resellers. They have had a few interests and we have sent them additional information. Lets say that with them we made the roles of the distributor clear as they were the last company we expanded to.”

Denmark

Denmark it was a rather spontaneous market for company X as it wasn't a conscious choice to go there. The market approached the company itself, thus company X didn't have a set strategy for the market.

“In Denmark we have not had a distributor, we only have had our products in one beauty salon and one store have sold them as well. They had been the ones that approached us and bought our products. In this case we didn't have a strategy to approach the country.”

Singapore and Indonesia

Finally when it comes to the Singapore and Indonesian markets it seems that the company doesn't concentrate on these markets as much as the others. Their strategies for these markets are completely different from the previous ones as they are the only markets where company X doesn't physically sell their products. Their strategy is about selling their products from the website. Furthermore these markets are the only markets where the company has adapted their product line as they only sell one product line there. Moreover it is an on going process and they are still figuring out the right strategy.

“For instance in Singapore and Indonesia we try to sell our product online. We have tried to sell there only our acne products and in Singapore we have had a few purchases but it is still an on going project.”

2.2.2. Case 2: Company Y

Company Y sells their products to 5 different countries: Estonia, Latvia, Lithuania, Italy, and Germany. The author felt that three countries stood out the most and were more concentrated on. Those were Estonia, Latvia and Lithuania as the interviewee mentioned them the most:

“We actively try to cover the region in the Baltics; meaning Estonia, Latvia, Lithuania, but some customers have come from outside, like Italy and Germany.”

Right away it came out that company Y uses a standardized product in all the markets as in its industry the adaption of product is not necessary at all, as the interviewee himself explained that

in his company's field it is not so important to adapt the product since it has the same function in different markets.

"We do not have a fashion issue. And no matter where this Nokia mobile phone is assembled, whether in Estonia, Latvia, Lithuania, Germany, Italy or China, the demands for what kind of sticker needs to be there are the same."

However the way they approached the markets seemed to be different and needed a further research and thus it is better to look at each market separately.

Lithuania

Lithuania was the first market company Y decided to expand to and it seemed that they really didn't have a proper strategy for the market but they just went and tried.

"We went to the Lithuanian market, then we went out to the fair and looked at what is going to happen. Actually we later realised that the contact list obtained from the Estonian Chamber of Commerce and Industry worked better."

However as we can see the way that they initially planned to approach the market didn't work well. This is where it comes out that it is always a good idea to do some preliminary work because in that case you are more prepared.

Latvia

When it comes to Latvia it seems that the company was a bit smarter and did some preliminary work prior to expanding. With a second market they already knew that it is reasonable to do a bit of research prior to expanding and gather contacts.

"From there it started to come and after that, we looked at what it was like, and then salesmen started going to Latvia and so it began."

The company seemed to have developed a more well thought out strategy for the Latvian market as they already had a strategy to get the necessary contacts prior to expanding and then reaching the customers directly who may be interested in their offerings.

“Then when we actually went to Latvia, we went there on the basis of our contact list and we did not go out to the fair, but called and talked directly with our customers.”

The author felt that the strategy for Latvian market was a bit more aggressive and it seemed that the company put the most effort to this foreign market as they made the extra effort to reach the customers. When it comes to the marketing mix than in Latvia they were quite clever and followed the guidelines to hire a translator to get the message out to their Latvian customers to avoid any miscommunication. Furthermore it confirms that language has a large impact on the choice of marketing strategy as language shapes the way people comprehend the message.

“We buy in the translation from a native speaker.”

Furthermore there more aggressive strategy comes out from the fact that they have taken extra measures to get the feedback from the customers.

“Once, we did such a thing for Latvian customers, that we hired a local to call the customers in Latvian to receive feedback.”

Therefore it is seen that the company used standardization adaption strategy as they adapted the communication to fit the market but the product stayed the same everywhere. When it comes to the differences that were seen during the process, there wasn't many and Latvia and Lithuania were seen as quite the same.

“They're quite the same. Latvia seems to me a little better developed, they sometimes ask about the characteristics of the product, but the Lithuanians are all about the best price and nothing more.”

From here you can see a high impact of cultural differences on the strategy choice. Since the cultural differences Latvia and Lithuania markets made the company adapt their strategy to fit the local market. The best way to approach Lithuania is to change the price marketing mix element, but in Latvia you still need to do a great job in making the product itself appealing towards the client.

2.2.3. Case 3: Company Z

Company Z is a bigger and an older company and than the others in this thesis. All together company Z sells their products in 13 different countries. However this interview mostly concentrated on the Baltic countries and Sweden. From the start it is seen that they have established some sort of pattern when it comes to their strategies and as they are a bigger company they already have set boundaries. Each market has its own marketing manager and each region has one as well.

“Every marketing manager is responsible for his or her own market. Let's say we have these strategic frames for everyone which state which tactics we use, and then you need to stay inside these frames, so you have an option to change some things but you always need to stay within the frames so the overall strategy and campaigns would look the same.”

They need to stay within the set lines so the overall image of the brand would be the same company Z's strategies don't differentiate a lot between different markets rather than they are different for each theme.

“I would rather say that we have it differently between the themes because their target groups are different. For instance for Tex Mex or Asian theme the target group tends to be a younger person, perhaps a person with a higher education, but as for the spices we have a much broader target group and the age group wider. You have to think about the tactics you use for this theme for this target group and, now, for this theme for the other target group. Of course, the brand image is the same everywhere seeing that we don't change there anything. So how we look as a brand and which materials we use and how we communicate - this is what is the same in all countries, but this is different for the themes, that for each theme we use different tactics, because each of these concepts still have different users.”

However they still have developed strategies how to bring new lines of products to the market. And for years they used the same strategy where they categorized each region and tested each new product line in one country to see if it works and then launched the new products in the other countries of this region.

“Let's say we do it so that in Scandinavia we have a pilot country, which is Sweden, and in the Baltic the pilot country is Estonia. This means that if we, for example, launch a new concept, then we will do some kind of sample period, either in Sweden or in Estonia. For example, we will launch Tex Mex in Estonia in the spring and then in Latvia and in Lithuania in the autumn, so we could see how it went and if anything needs to be changed. If all the tactics and marketing mixes that we chose worked for the first market and if everything was okay we could take on another market. We used this strategy for many years, if I remember correctly for like 5 to 6 years.”

This seemed to work well for them but now they have changed it up a bit and they launch the new products at the same time to all the countries in the same region. However in the case of market research they still use pilot countries and conduct the market research in the one country which best describes the average consumers food culture in this region.

“It all depends again on the market; seeing that we do market research in the same way that we used to launch new products. We do not do it in all the Baltic countries but we do in one country, which we think that the taste preference is the most average for this region. For example, we will then do this research in Latvia or in Estonia, because Estonia is a more developed country. And when we take Finland, Sweden, Denmark, Norway, then we usually do this study in Sweden.”

However you could not say that company Z uses standardization strategy within one region as from the interview there still seemed to be quite much cultural differences and in some aspects the markets were approached differently or some product lines were adapted to fit the market. The author felt that these are the things that each market changed but still stayed within the set lines. The explanation follows.

The Baltics

The author felt that Lithuania was the most culturally different country from the Baltics. It seemed that way because Lithuania was the country that had the most adaptations made. In many times the marketing mix elements were adapted to fit the market. The most changed element of the marketing mix was promotion so the way the product was presented. For instance for the Lithuanian market the company needed to adapt the names of the products so they would sell better.

“In Lithuania the names of the products are somewhat different. So if you name the product traditional beef seasoning, traditional fish seasoning or traditional cutlet seasoning then in Lithuania it sells perfectly, however when you name a product in Estonia traditional no one buys it.”

However the same products are named differently in Estonia as this wouldn't work for the Estonian market.

“We usually put the name to the product in English as well and every country then translates it into their own language, as we try to keep the names as close to the original as possible. Of course we have made exceptions as in Lithuania is traditional fish seasoning but in Estonia the same products name is fish seasoning for oven fish. However these are few exceptions and we generally try to keep the names same.”

Furthermore one of the biggest differences in the Baltics are the related to religion like Christmas campaigns as the traditions are completely different. Lithuanian Christmas cuisine is different from Estonian cuisine so the campaigns are adapted for the market. In this case it is seen that the strategy is influenced by the culture, as the cultural differences in religions are the cause of adaption of strategy. This is another example that company Z has adapted their communication and could not use standardization strategy.

“Let's say that the sold spices will surely have a difference with Estonia and Lithuania, ... a very good example is Christmas. In Lithuania, before Christmas people only eat fish during December, which means that it is not very important for them to make this Christmas campaign, as they do not eat cinnamon or ginger and cloves. Estonia on the other hand is all about using spices like cinnamon and ginger for baking during the Christmas period. Hence the campaigns for Estonia are more about the pure taste and spices and for Lithuania about different fish spices and dishes.”

The difference is also presented in the shops where the products are sold. Moreover the range of products presented in each country varies. The widest range of products in Baltics is sold in Estonia and the narrower choice of products in Lithuania, whereas Latvia is in between those two.

“In Estonia the No. 1 shop selling our products is Selver, however in Latvia and Lithuania it is Maxima. Let's take the Tex Mex category, and then the widest choice of products is in Estonia and the narrowest in Lithuania. In Lithuanian market we only sell wheat tortillas, but the corn and whole wheat are not offered in the stores, also maybe we sell one salsa instead of the all six that we have.”

Sweden

When it comes to Sweden, one clearly set difference is that it is a more Western country and there are more habitants so it is clear that this is a totally different market and needs a different system.

“Swedish people spend up to 10 euros on spices and Estonian people tend to spend less than a euro. In that sense, they are not like comparable markets at all, even for their household income, and the taste preferences are also different. In Sweden, much more spicy products are eaten, and Estonia is still eating some kind of spice, and then in Latvia, and in Lithuania it is getting even lower.”

The interviewee further explained on what grounds they put these countries in one category.

“We are guided by the fact that there are developed countries, or whether the market is ready or its purchasing power, and then what is the income per person, and how many people there are at all.”

Hence we can see why Sweden belongs to another category and not in the same one with the Baltics. Sweden's buying power is so much bigger that the strategy needs to be adapted to that. The price needs to be adapted to the market as well as the products that are offered, as the Swedish people tend to eat more spicy food than the Baltic countries.

Overall we can see that company Z's strategy is quite complex and it has several facets as the strategy depends on so many factors like the region of the country or the even more the theme of the product. Furthermore that when conducting the strategy you need to follow the set guidelines and stay within the set lines to make sure that the brand image stays the same everywhere.

2.3. Discussion

From the analysis it clearly comes out that the three interviewed businesses are very different based on their strategies and structure. All the three interviews show that preliminary work needs to be done prior to export activity, and that you learn from your mistakes – either the strategy is changed or if not, the process itself will improve over time and minor adjustments to the strategy will be made.

All the companies used standardization-adaption approach but each had their own method. It clearly comes out that bigger corporations have more rules to follow and their intercultural marketing strategy is more set and structuralized. When it comes to the other two companies, the implementation of their strategies demands more efforts. These two companies are still in the period of trying out, what is best for them – the interviewees kept repeating that they get smarter with each new market.

The most common element to be changed in the marketing mix was promotion as each company needed to adapt their communication to fit the local market. Hence something always needs to be changed as no culture interacts with people the same way as other cultures. The other marketing mix element that needed alteration in many cases was the price as different cultures have different incomes and habits of spending. The least variable marketing mix element was the product itself, as none of the companies adapted their product to the market. However, company X and company Z adapted their product lines to suit the market: in some cases they didn't offer all of their products. Company Z based the offered products on the needs of the local market, thus it seems that they are the most flexible in this part. Company Y on the other hand has not changed anything involved with the products.

Cultures impact on the strategies is unavoidable, however the amount of it differs. The main factors of cultural differences, which influence the choice of a marketing strategy, were based on the company and its products. This came out in the case of company Y as its products were standardized and less influenced by the culture. It was also mentioned in chapter 1 that industrial goods are considered to be more independent and culture has less impact on them, hence they are easier to standardize. However, company X and Z sell nondurable consumer products, which are considered to be more influenced by culture and therefore they are likely to require customization and are difficult to standardize. Furthermore the impact of culture is also

influenced by the company itself as small companies are more sensitive to cultural differences but bigger and older corporations have already established their own well-known brand and raised the brand awareness amongst people. This was seen in the case of company Z as their strategies were more influenced by their product selection themes than the cultural differences.

To sum it up, the most common approach is the standardization-adaptation approach. However no company wants to adapt their product but would rather change their communication. Furthermore, the newer the company the harder it is to develop a working strategy for all markets. Small companies don't usually have the resources to conduct a proper marketing research and hire a specialist on that field so they have to manage on their own and learn in the process of expanding. Therefore the choice of strategy is affected by the fact that the smaller companies lack the resources to research the local culture. The main factors of cultural differences, which influence the choice of a marketing strategy, are based on the company and its products.

CONCLUSION

The main objective of this study was to find out what kind of strategies companies use for different markets and how much impact cultural differences have had for the choice of their strategies.

The theoretical part of this thesis brought out that while expanding into different markets there are certain steps that need to be made. The first step should be recognizing cultural differences present in many human interactions. There are many different frameworks that provide ways to understand cross-cultural consumer behaviour to be more aware of cultural differences when expanding. For understanding consumer behaviour and conducting a market research, the right framework should be chosen in order to evaluate the local culture and its impact on consumers. The theory of this thesis brought out three major perspectives of intercultural marketing: standardization-adaptation approach, geographical concentration-dispersion, and integration-independence of competitive processes. The most common perspective is the standardization-adaptation approach and there are five different strategies to implement it, which are: 1) same product everywhere, 2) same product different function, 3) product adaptation but same communication, 4) product and communication adaptation, 5) new product development. A company chooses which marketing mix elements need to be adapted and which ones can stay the same.

In order to achieve the objective all the research questions were answered:

1. What are the marketing strategies companies use when operating in different markets?

All the studied companies use some variation of standardization-adaptation approach but with different methods. One of the companies prefers to use a distributor in foreign markets as it seems to be less costly and a wiser choice to use someone who knows the local market. The bigger and older the company, the more sure they are about their strategy and the more standardized their strategy is in case of cultural differences as they aren't afraid to take the risk as they have already established their brand and brand awareness amongst people, thus the customers are more keen to try their products.

2. If they use different marketing strategies then which ones and why?

All in all, companies' overall strategies didn't change with the market but were just a bit adapted to suit the foreign market. The most common marketing mix element that was adapted was promotion, as companies see the need to change their communication to reach the local customer. The reason to change this marketing mix element was that cultural differences appeared in communication. Hence it clearly comes out that something always needs to be changed as no culture interacts with people the same way as other cultures and that culture always has an impact on the strategy. However, none of the studied companies was eager to adapt their product to the market, as this is costly and requires more effort. The only thing that the companies adapted in the case of products was the range of products they offered in each country, i.e. the product selection from already existing products. Thus they tried to get by with their standardized products and only adapt the communication and commodity assortment. Furthermore the choice of strategy may be affected by the lack of resources to conduct a proper market research.

3. How much impact have cultural differences on their strategy choice?

Culture has a quite a big impact on the choice of strategies for the companies even though it was not always mentioned directly. The analysis revealed that the companies are dependent on cultural differences. They are either aware of it and develop their strategies around it or they are afraid to do it themselves since they lack the cultural knowledge about the market. The results also brought out that the main factors of cultural differences, which influence the choice of a marketing strategy, are based on the company and its products. The smaller and younger the company the more sensitive it is to cultural differences as the brand is not yet well-known and is more affected by the outside factors.

To sum it up, this research has met its objectives and delivers valuable insights into a so far unstudied field in Estonia. The limitations to generalisation come through the chosen research method, the qualitative method, thus the results are not projectable to the total population. Now that the first insights have been delivered, the matter can be researched further with a bigger sample and more complex companies. As this thesis mostly concentrated on the European countries, different continents can be researched the next time. Furthermore the reasons of choosing one strategy over another can be looked into as well, since the basic research does not and cannot cover all the factors that play a role while choosing the strategy for all companies.

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APPENDICES

Appendix 1. Interview frame

1. LUGU milline on firma üldse
2. LUGU kuidas tuli mõte välisturule minna ehk välisturu valiku lugu.
3. LUGU kultuuriline kohanemine uue turuga - edulood klientide, partnerite osas - läbikukkumislood. erinevused?
4. LUGU uurida, kas on püüdnud veel mingile turule minna ja kui jah, siis miks ei jätkanud - läbikukkumislugu

Briifing: kirjutan tööd TTÜ tarbeks. Mind huvitab teie isiklik ja subjektiivne arvamus, seega ei ole siin õigeid ega valesid vastuseid, vaid öelge täpselt, mida mõtlete. Ühtlasi tagan andmetöötluses teie anonüümsuse: audiofaili kuulan vaid mina, teksti kujule tipituna kodeeritakse teie nimi.

Alustaks sellest, et rääkige mulle, millistesse riikidesse te oma tooteid müüte? Millest selline valik?

Millal te laienesite teistesse turgudesse? Kas läksite kõigile turgudele korraga või alustasite kuskilt – kust? Miks just sealt? Ja edasi?

Kui te olite otsustanud xxx turule minna, siis mida te kõigepealt tegite enne välisturule minekut? Kas tegite ka mingit eeltööd ja milline oli teie eeltöö? Kas vestlesite inimestega... palkasite inimese... otsisite kontakte kohalike firmadega...

Kui te siis läksite järgmisele turule, kas te talitasite samamoodi või teisiti? Kuidas? Miks nii?

Kuidas on müügiga, kas te müüte erinevatel turgudel erinevaid tooteid või pigem samasuguseid? Miks nii? On teil muid erinevusi selles, kuidas kaup ostjani jõuab? Milliseid? Oskate turgude lõikes kirjeldada erinevusi? [kas ühtemoodi või erinevalt...]

Kas teil oli raske valida viisi, kuidas teatud turgudel oma tooteid müüa või tuli see kergelt?

Kas teil oli eelnevaid teadmisi selle kohta kuidas tegutseda erinevatele kultuuridele turundades või pigem mitte? Milliseid? Kust need pärinesid?

Kui te nüüd tagasi vaatate oma eksporttegevuse peale tervikuna – kuidas teile tundub, üle aastate, kas teie strateegia on jäänud koguaeg samaks või on see muutunud? Selgitaksite äkki? Kas olete tagasivaadates mingi vea ka tuvastanud oma valikutes, kuidas müüa oma toodet erinevates turgudes või pigem mitte? Miks te nii arvate?

Appendix 1 continued

Mis te ütleksite, Kas teie laienemine teistesse turgudesse on end ära tasunud või pigem mitte? Miks te nii arvate, selgitate äkki? Kas võite välja tuua positiivseid ja negatiivseid momente?

Kas välisturud on toonud kaasa ka üllatusi või pigem mitte? Oskate äkki nimetada?

Appendix 2. Interview transcriptions

[Interview transcriptions](#)