

Strategic Services Marketing
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Cultural Nuances and Their Impact on Service Marketing

Hello everyone. In this session let's understand what is culture and some cultural nuances that may impact services marketing firms. Let's begin with understanding what is culture. Going by dictionary what culture means is it is the customary beliefs, social forms and material traits of a racial, religious or social group. Or we can also say that culture is a set of shared attitudes, values, goals and practices that characterizes an institution or even an organization. Moreover it can be also looked through the lens of something which is nothing, but the set of values, conventions or social practices associated with a particular field, activity or societal characteristics.

So, going further what exactly culture is all about? Culture indeed encompasses shared beliefs, values, norms and behaviors within a group whether it is a society, an organization or any other collective entity. These elements shape how individuals within the group perceive the world, interact with each other and make decisions. They also influence various aspects of life including communication styles, social practices and even consumption patterns. Understanding these cultural dynamics is crucial for businesses to effectively engage with their target audiences and tailor their strategies accordingly.

Let's understand what are the elements of culture. The first element here is social organization. In most cultures society divide people by social organization, mostly there is a ruler who is more powerful than other persons. Social organization is an important element of culture that shows how the society treats the relationship between different members of the culture. Another element is customs.

Customs are traditions, values and social standards of a society and established practices. These help society indicate the rules of behavior which enforce ideas of right or wrong. These can be traditions, rules or even written laws. Next element is rituals.

Rituals are processes or sets of actions that are repeated in a specific conditions and with the specific meanings.

They may be used in such as when someone is promoted or retires, they may be associated with company events or special days. Next element is religion. Religion is another important element of culture which describes a society's morals and beliefs about humanity's spirituality and reason for existing. Another element is language. Language is a symbolic system through which people communicate and to which culture is written, acted and transmitted.

Language is always evolving as societies create new ideas. Rules of speaking and writing vary in every language even within cultures as well. Next element is norms. There are different norms, standards and expectations in culture for behaving and other things. Norms are divided into two types.

Formal norms also known as mores and laws consider the most important in any society. Whereas informal norms also known as folkways and customs are considered less important. Next element of culture is symbols. Some symbols are a type of non-verbal communication while others are material objects. Every culture has many symbols of things that stand out or stand for something or show reactions and emotions.

The world is filled with symbols like sports uniforms, school uniforms, company logos, gold rings and traffic signs and so on. Now, let's understand the characteristics of culture. The first characteristic of culture is that culture is learnt. What does this mean? Culture is acquired through learning rather than being innate. It is not biological inheritance, but rather a subconscious process absorbed from one's environment.

Children observe and emulate the behaviours, roles and values demonstrated by their parents and broader social circles. Culture is not solely transmitted by parents, but also by other familial, institutional and societal influences including media and peers. Another characteristic of culture is that culture is shared. Culture is inherently shared among members of a group. It is disseminated through various means of social exchanges such as interpersonal communication, group interactions, public discourse and media platforms.

However, cultural sharing does not imply homogeneity, rather it encompasses diverse perspectives and practices within a community. Next characteristic is that culture is social. Culture is intrinsically social stemming from collective interactions within society. It evolves through social engagement and mutual influence reflecting the norms, belief and customs of a community. Without social interaction, the concept of culture would cease to exist.

Another characteristic is that culture is dynamic. Culture is dynamic and adaptive as well, wherein responding to changes in its environment. It evolves over time, integrating past achievements with present experiences to shape future developments as well. Cultural evolution is continuous, reflecting the ongoing evolution of society and its values. Another characteristic of culture is that culture is interconnected.

Culture is integrated with its various components interconnected and interdependent. To gain a comprehensive understanding of culture, one must explore its diverse facets and their interconnectedness. Each aspect of culture contribute to its overall tapestry, reflecting the intricate web of human experience and expression. With that, now let's understand how culture influence consumer behaviour. Culture influences consumer behaviour in myriad ways.

Let's discuss each of these in detail as shown in this particular figures. The first here is values and beliefs. Cultural values and beliefs inform consumers perceptions of what is desirable, acceptable and appropriate. For example, in collectivistic cultures like China, where group harmony and social relationships are prioritized, consumers may be more inclined to make purchase decisions that align with communal values rather than individual preferences. The second influence is through norms and customs.

Cultural norms and customs dictate societal expectations regarding behaviour including consumption patterns. For instance, in some cultures gift giving is a customary practice for certain occasions, leading consumers to purchase specific items or brands to adhere to social expectations. Third way through which culture influence consumer behaviour is through language and communication styles. Cultural differences in language and communication styles can influence marketing strategies and messaging effectiveness. Adapting advertising content to resonate with cultural nuances in language, humour and symbolism enhances consumer engagement and comprehension.

Next comes symbolism and rituals. Cultural symbolism and rituals imbue products and brands with meaning, influencing consumers emotional connections and brand preferences. For example, certain colours, symbols or icons may hold cultural significance influencing product packaging and design choices. Next comes social influence. Cultural norms regarding social hierarchy, authority and conformity impact consumers susceptibility to social influence and reference groups.

Marketers leverage cultural norms to create aspirational images and social proof influencing consumers purchase decisions through peer influence and social validation. Next comes cultural subcultures. Within broader cultural context, subcultures emerge based on shared interests, identities or affiliations. These subcultures may have distinct consumption patterns and preferences allowing marketers to tailor product and

messaging to specific subcultural segments. And finally, the most important one, the cultural dimensions also influence consumption or consumer behaviour.

The cultural dimensions framework such as Hofstede's cultural dimensions identifies key cultural dimensions like individualism versus collectivism, power distance and even uncertainty avoidance that may have impact on consumer behaviour. Understanding these dimensions help marketers anticipate and adapt to cultural variations in consumer behaviour across different markets. In essence, culture serves as a lens through which consumers interpret and respond to marketing stimuli. By recognising and understanding cultural influences on consumer behaviour, businesses and service providers can develop more effective marketing strategies that resonate with diverse audiences and enhance brand relevance and appeal in multicultural markets. With this, let's understand what are the different types of culture that exist.

The first one here is national culture. National culture refers to the shared values, beliefs, customs and norms that characterize a particular country or even society. It encompasses cultural elements such as language, religion, traditions, social structure and historical heritage. National culture shapes the collective identity and behaviours of individuals within a society and influences various aspects of life including social interactions, business practices and consumer behaviour. The second type of culture is known as organizational culture.

Organisational culture refers to the shared values, beliefs, attitudes and behaviours that define the unique identity and operating principles of an organisation. It encompasses the company's mission, vision, goals, leadership, style, communication patterns and organisational structure. Organisational culture shapes employee attitudes, perceptions and behaviours influencing how work is performed, decisions are made and relationships are managed within the organisation. Third type is known as subcultures within the society. Subcultures refers to smaller, but distinct cultural groups that exist within a larger society and share common values, interests or affiliations that differentiate them from the other dominant culture.

Examples of subcultures include youth subculture, ethnic or immigrant communities, religious groups and professional or interest based groups as well. Subcultures within a society often have their own unique norms, behaviours, symbols and identities which may influence consumer preferences, social interactions and even consumption patterns. Now, let's understand as we discuss that cultural dimensions influence consumer behaviour. Let's discuss little bit more on these cultural dimensions which is actually given by a Dutch scientist or psychologist Geert Hofstad. Cultural dimensions such as those proposed by Geert Hofstad provide a framework for understanding and comparing cultural differences across societies.

Hofstad cultural dimensions theory identifies six key dimensions that help elucidate how culture influences behaviour, values and societal norms. So, these six cultural dimensions are shown in this particular image or chart which classifies as power distance, individual collectivism, masculine or feminine, uncertainty avoidance, then long term orientation and indulgence. So, let's discuss these six dimensions of culture in detail. So, before discussing these six dimensions let's have a look at Hofstad's cultural dimensions and how he proposed this kind of theory of six cultural dimensions.

Have a look at this video. At the end of 1970s psychologist Dr Geert Hofstad published his cultural dimensions model. Since then it has become an internationally recognised standard for understanding cultural differences. He identified six dimensions that could distinguish one culture from another. The first one is the power distance index, it measures the extent to which the less powerful members accept and expect that power is distributed unequally. Malaysia has the highest score, team members will not initiate any action, they like to be guided and directed to complete a task.

Austria has the lowest score, supervisors and employees are considered almost as equals. Individualism versus collectivism is the second dimension. It represents the degree to which individuals are integrated into groups. Guatemala, the country with the lowest IDV score, has a collectivist culture, people are integrated into strong in groups which continue protecting them in exchange for unquestioning loyalty. On the other side, the United States have the highest score.

The individualism is perfectly represented by the American dream, which is the hope for a better quality of life and a higher standard of living than their parents. The masculinity versus femininity dimension refers to the distribution of roles between the genders. The study revealed that women's values differ less among societies than men's values. Men's values can be very assertive and competitive, maximally different from women's value, or modest and caring, similar to women's values, Japan has the highest score. If you open an office in Japan, you should recognize you're operating in a hierarchical, deferential and traditionally patriarchal society.

Long hours are the norm, and this, in turn, can make it harder for female team members to gain advancement, due to family commitments. At the same time, Japan is a culture where all children learn the value of competition and winning as part of a team from a young age. Therefore, female team members are just as likely to display these notionally masculine traits as their male colleagues. By comparison, Sweden, the country with the lowest score, is a very feminine society. People focus on managing through discussion, consensus, compromise, and negotiation.

The uncertainty avoidance index describes how well people can cope with anxiety. Greece is the country with the highest score. During a meeting, you might be keen to

generate discussion, because you recognize that there is a cultural tendency for team members to make the safest, most conservative decisions, despite any emotional appetites. At the other end of the spectrum, Singapore has the lowest score, the country is more open to change or innovation, more inclined to open-ended decision-making and has less sense of urgency. Long-term versus short-term dimension refers to the degree to which people need to explain the inexplicable, and is strongly related to religiosity and nationalism.

China, the country with the highest score, has a long-term orientation, which means that the culture is pragmatic, modest and more-thrifty. Sierra Leone is the country with the lowest score, people tend to be religious and nationalistic. Self-enhancement is also important here, along with a person's desire to please their parents. The last dimension is indulgence versus restraint. Countries with a high score such as Brazil allow or encourage relatively free gratification of people's own drives and emotions, such as enjoying life and having fun.

In a society with a low score like Russia there is more emphasis on suppressing gratification and more regulation of people's conduct and behavior, and there are stricter social norms. In conclusion by using Hofstede's cultural dimensions as a starting point, you can make the unknown less intimidating, avoid making mistakes, and provide a much-needed confidence boost when you're working in an unfamiliar country. Above all, make cultural sensitivity a daily part of your life. Learn to value people's differences, and how to respect the things that make people who they are. So the first dimension of culture proposed by Hofstede is known as power distance.

This dimension reflects the extent to which less powerful members of a society accept and expect power to be distributed unequally. In societies with high power distance, there is a greater acceptance of hierarchical structures and authority, whereas in low power distance culture there is a preference for more egalitarian relationships. Next dimension is individualism versus collectivism. Individualism refers to societies where individuals prioritize their own interests and those of their immediate family over the others, whereas collectivistic cultures on the other hand emphasize group cohesion, cooperation, and loyalty to the larger group or social group such as extended family, tribe, or even organization.

Next dimension is masculinity versus femininity. This dimension explores the degree to which a society's values traditionally masculine traits such as competitiveness, assertiveness, and material success versus feminine traits like cooperation, nurturance, and quality of life. Masculine cultures prioritize achievement and material success, whereas feminine cultures prioritize quality of life, relationships, and care for others. Another dimension is uncertainty avoidance. Uncertainty avoidance refers to the extent to which a society tolerates ambiguity, uncertainty, and risk. Cultures with high

uncertainty avoidance tend to have strict rules, formal procedures, and a preference for clear guidelines, whereas cultures with low uncertainty avoidance are more accepting of ambiguity and change.

Next dimension is with respect to long term orientation versus short term orientation. This dimension distinguishes between societies that prioritize long term goals such as persistence, thrift, and perseverance versus those that focus more on short term goals and immediate gratification. Long term oriented cultures value virtues like thrift, perseverance, and sense of shame, while short term oriented cultures prioritize stability, tradition, and fulfilling social obligations. Sixth and final dimension proposed by Hofstadt talks about indulgence versus restraint type of culture. The indulgence versus restraint dimension reflects the extent to which a society allows gratification of basic human desires related to enjoying life and having fun.

Indulgent cultures prioritize leisure time, freedom of expression, and personal enjoyment, while restrained cultures value self-discipline, regality, and the regulation of desires. Now, let's understand this particular Hofstadt's dimensions with something known as country comparison tool which is available on Hofstadt insights dot com. Through this tool, you can compare different countries across the globe on these six dimensions that we studied. Let's compare China versus India versus USA using this culture companion tool. So, you can see in this particular chart, a bar chart that represents six dimensions right, power distance, individualism, motivation towards achievement, uncertainty avoidance, long term orientation, and indulgence.

There are three scores for each of the country that we have selected. For example, China, India, USA. Again China, India, and USA across those six dimension. So, let's discuss the first one.

Let's discuss power distance. At 80, China sits in the higher ranking of power distance index that is a society that believes that inequalities amongst people are acceptable. The subordinate-superior relationship tend to be polarized and there is no defense against power abuse by supervisors in the country like China. Individuals are influenced by formal authority and sanctions and are in general optimistic about people's capacity for leadership and initiative. With respect to India, India scores high on this dimension as well 77 indicating an appreciation for hierarchy and a top-down structure in society and organizations. Employees expect to be directed clearly as to their functions and what is expected of them.

Control is familiar, even a psychological security and attitude towards managers are formal even if one is on first name basis. Communication is top-down and directive in it's style and often feedback which is negative is never offered up to the ladder. So, that's the case with India. Now coming to United States, a Western country which scores

low on this particular dimension just 40 out of 100 which underscores the American premise of liberty and justice for all. This is also evidenced by the focus on equal rights in all aspects of American society and government.

Within American organizations, hierarchy is established for convenience. Superiors are always accessible and managers rely on individual employees and teams for their expertise. Both managers and employees expect to be consulted and information is shared frequently. Now let's move on to the next dimension that is nothing but individualism. With respect to individualism at a score of 43, China is a collectivist culture where people act in the interest of the group and not necessary of themselves.

In group considerations affect hiring and promotions with closer in groups such as family getting preferential treatment. Employee commitment to the organization, but not necessarily to the people in the organization is low whereas, relationships with colleagues are cooperative for in groups they are cold or even hostile to out groups as well. With respect to India with a rather low score of 24 is a society with both collectivistic and individualistic traits. The collectivist side means that there is a high preference for belonging to a larger social framework in which individuals are expected to act for the greater good of ones defined in groups. The individualistic aspect of Indian society is seen as a result of it's dominant religion, philosophy, Hinduism.

The Hindus believe in a cycle of death and rebirth with the manner of each rebirth being dependent upon how the individual lived in the preceding life. People are therefore individually responsible for the way they live their lives and the impact it will have upon their rebirth. Coming to USA, a score of 60 indicates that US is an individualistic culture. Americans are accustomed to doing businesses or interacting with people they don't know even. Consequently, Americans are not shy about approaching their prospective counterparts to obtain or seek any information.

Next dimension which is known as motivation towards achievement and success. Here with a score of 66, China is a society with high motivation towards achievement and success. The need to ensure success can be exemplified by the fact that many Chinese will sacrifice family and leisure practices to prioritize their work. Service people such as hairdressers will provide service until very late at night and leisure time is not so important for them. Coming to India, India scores 56 on motivation towards achievement and success and is thus considered a decisive society.

India is actually very decisive in terms of visual display of success and power. The designer brand label, the flash and ostentation that goes with advertising one's success is widely practiced in India. However, India is also a spiritual country with millions of deities and various religious philosophies. The score for the US on motivation for achievement and success is high at 62 and this can be seen in the typical American

behavioural patterns. This can be explained by the combination with individualism, in other words Americans so to speak all show their motivation for achievement and success individually.

Next dimension is with respect to uncertainty avoidance. At 30, China has a low score on uncertainty avoidance. The Chinese are comfortable with ambiguity. The Chinese language is full of ambiguous meanings that can be difficult for western people to follow. Chinese are adaptable at the same time entrepreneurial as well. Coming to India, India scores 40 on this dimension and thus has a medium low preference for avoiding uncertainties.

In India, there is acceptance of imperfection, nothing has to be perfect nor has to go exactly as planned. India is traditionally a patient country where tolerance for the unexpected is high. Even welcome as a break from monopoly as well. The US however scores below average with a low score of 46 on the uncertainty avoidance dimension. As a consequence, the perceived context in which Americans find themselves will impact their behaviour more than if the culture would have either scored higher or lower.

There is a fair degree of acceptance for new ideas, innovative products and a willingness to try something new or different. Whether it pertains to technology, business practices or even food, American tends to be more tolerant of ideas or opinions from anyone and allow the freedom of expression as well. At the same time, Americans do not require a lot of rules and are less emotionally expressive than higher scoring cultures or countries. Coming to the fifth dimension which is nothing but long term orientation. China scores 77 in this dimension which means that it is a very pragmatic culture.

In societies with a pragmatic orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions easily to change conditions, a strong propensity to save and invest as well. Thriftiness and perseverance in achieving results are other characteristics of Chinese culture. With an intermediate score of 51 in this dimension, a dominant preference in Indian culture cannot be determined.

In India, the concept of karma dominates religious and philosophical thoughts. Time is not linear and thus is not as important as to western societies which typically score low on this dimension. Countries like India have a great tolerance for religious views from all over the world. The United States score 50 on this dimension which shows that there is no dominant preference as well. On the other hand, Americans are prone to analyse new information to check whether it is true. This should not be confused with the fact that Americans are very practical reflected by the can do mentality.

American business measures their performance on a short term basis with profit and loss statements being issued every quarter, driving individuals to strive for quick results

within the workplace. And next and final dimension is Indulgence. China is a restrained society as can be seen in its low score of just 24 in this dimension. Societies with a low score in this dimension have a tendency to pessimism and pessimism. Also in contrast to indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires.

Coming to India, India also receives a low score of 26 in this dimension meaning that it is also a culture of restraint. The United States score as an indulgent that is 68 which is on this particular 6 dimension. This in combination with a normative score is reflected by the following contradictory attitudes and behaviours that means work hard and play hard. Now let's understand how culture impact business in general. First here is that cultural sensitivity enhances competitiveness by effectively engaging diverse consumer basis and understanding the unique needs and preferences.

Secondly culture helps in building trust and rapport with diverse customer basis which is crucial for fostering long term relationships and loyalty. Moreover cultural factors significantly influence brand perception and play a key role in shaping consumer's loyalty and affinity towards a particular brand. Now let's refine it further for service firm. So how culture impact or is important for services firms.

First here is that service delivery relies heavily on interpersonal interactions. In service firms the quality of interaction between service providers and customers profoundly impact the overall customer experience. Cultural sensitivity is crucial in these interactions as it influences communication styles, social norms and expectations. All of which can significantly affect the perception of service quality and customer satisfaction. Secondly cultural nuances affect customer expectations and preferences. Customers from different cultural backgrounds may have distinct expectations, preferences and perceptions of service quality.

Service firms must understand and adapt to these cultural nuances to effectively meet customer needs and deliver personalised experiences. Failure to recognise and address cultural differences can lead to misunderstandings, dissatisfaction and ultimately loss of business and then cultural competence enhances service quality and customer satisfaction. Service firm that demonstrate cultural competence are better equipped to understand and meet the diverse needs of their customers. By developing cultural awareness, sensitivity and adaptability among employees, service firms can enhance service quality, improve customer satisfaction and build strong relationship with their client. Cultural competence enables service providers to navigate cross-cultural interactions with confidence, empathy and respect ultimately leading to more positive outcomes for both the firm and it's customers.

So now let's look at what are the best practices to address these cultural nuances. First here is conducting thorough cultural research before entering new markets. Before entering new markets or before expanding into new markets, service firms should conduct comprehensive cultural research to gain insight into local customs, values, beliefs and consumer behaviours. This includes understanding cultural nuances related to communication styles, social norms, purchasing habits and preferences. By conducting thorough cultural research, firms can identify potential opportunities, challenges and cultural sensitivities that may impact their marketing strategies and operations in that particular new market. Second best practice is with respect to adapt product, services and marketing strategies to local cultures.

Service firms should adapt their product, services and marketing strategies to respected particular local cultures and consumer preferences. This may involve customising product offerings, packaging, pricing and even promotional campaigns to align with the cultural norms, tests and expectations. By tailoring their offerings to local cultures, firms can enhance customer relevance, satisfaction and loyalty, ultimately driving business success in the target market. Third best practice is train employees to be culturally sensitive and competent. Cultural competencies among employees is essential for delivering high quality service experiences and building a positive relationship with customers.

Service firms should invest in cultural sensitivity training programmes to educate employees about cultural differences, promote empathy and develop interpersonal skills for cross-cultural communications. By equipping employees with cultural competence, firms can foster greater understanding, trust and respect among staff and customers, leading to enhanced service quality, customer satisfaction and brand loyalty. So in this session, we try to understand what is culture and how it impact businesses and specifically service firms and how firms can understand this cultural nuances and their impact on services marketing efforts. Thank you.