

## **Influence of Cultural Factors for Global Brand Management**

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### **Abstract**

This study tested a theoretical model that includes nine factors hypothesized to exert significant influence on effective global brand management. These influencing factors include values, beliefs, attitudes, education, religion, myths, colors, taste, and rituals. A sample population of 75 ( $n=75$ ) respondents were surveyed from 30 multinational companies from seven different industries: pharmaceutical, leisure, fast food, financial, technology, telecommunication, and consumer goods to measure the degree of influence of the nine factors on global brand management. Cronbach Alpha supported the reliability (.827). SPSS was used to run regression and partial correlation. The model is well-fitting the data, given the number of variables and data points. The results suggest Consideration of Culture to Effective Global Brand Management correlated positively. All three hypotheses were supported with a positive correlation value. However, third hypothesis was nullified due to different partial correlation values. Understanding the influence of cultural elements (perspectives) on global brand management should be of interest and value for managers who can, in return, focus on applying the findings for effective global brand management.

**JEL Classifications:** L1, M3

**Keywords:** global brand management, culture, and cultural elements

### **1. Introduction**

One of the key driving forces for global brand success is customization as per the local cultural factors, where the brand is ultimately consumed (Watson, 2006). This exercise needs a substantial amount of understanding the local cultural dynamics in these respective markets (Bennis 2007). Globalization plays a pivotal role in creating a global market in inducing the degree of interaction between suppliers and buyers. It has been evident that technology has being the significant factor in igniting this globalization process (Daniels, 2005). Another side to this entire phenomenon is the virtual connections made among all the global buyers/sellers, whereby, the sellers, not only learn more and more about what the global buyer would demand, but also, the local cultural dynamics that influence the global buyers' purchasing behaviors (Franken, Edwards, & Lambert, 2009). Therefore, the utmost responsibility of the seller, in today's global business context, is to customize their brands (package, content, price, distribution, and communication) in line with the local taste in a specific terrain, where the product would finally be consumed (Amba-Rao, Petrick, Gupta, & Von der Embse, 2000). Therefore, this study sought to explore the cultural factors with their relative degree of influence for successful global brand management. To date, the existing body of literature has been successful to ground theories to establish the key factors (values, beliefs, attitudes,

education, religion, myths, colors, taste, and rituals) that influence the successful global brand management (Ulrich & Smallwood, 2007). However, no evidence found in the surveyed literature on the degree of influence made by each of these factors for successful global brand management (O'Neill Jr., Hershauer, & Golden, 2009). Therefore, this paper adds an extension to current theory and describes the resulting model. It presents a new understanding of the cultural factors and their relative degree of influence for successful global brand management, which not only adds to the current scholarship in the area, but has practical application to global brand management, with the end goal of improving global brand management.

## **2. Theoretical Model**

A description of the nine cultural elements that influence effective global brand management is described and defined.

The evolution of the technology has pushed many organizations to explore global businesses, especially with the encouragement from World Trade Organization (WTO). As evident in the recent past, many countries that remained as “closed-economies”, have made a clear effort to work towards “open-economies”. Some of the giant economies that in this transition are China, India, and Vietnam making a significant economic impact not only in their respective regions, but also in the world (Ulrich & Smallwood, 2007). Therefore, globalization and regionalization have demanded organizations to acquire knowledge about other nations, especially their cultural perspectives that have direct business impacts.

Different people use specific behaviors in interacting with people, situations, and things. These behaviors are products of their own culture (Asser & Hodges 2009). Hence, culture is critical in moderating one's behavior in a country/organization. Culture can be defined as a set of values, beliefs, attitude, ideas, artifacts, rituals, and education nurtured in a specific social structure or institution (Collins, 2006). Further, the culture is seen as a guiding set of unwritten norms for people to behave in a specific social context. This is a phenomenon that derived from the discipline of anthropology (Collins, 2006).

### **2.1. Values**

Values are widely considered to be largely stable social and internal constructs that guide social evaluation and actions. They are classically described as concepts, desirable end states or behaviors, transcend specific situations, guide selection or evaluation of behavior and events, and are ordered by relative importance (DeLamater & Ward, 2013). Further, DeLamater and Ward explain that values represent orientations toward universal human aspects including: biological needs, interactional requirements for social coordination, and institutional demands for group welfare and survival. Importantly, values are theorized as a structure whose constituent parts are hierarchically ranked; values rarely influence action alone, but rather as part of a system (Vonk & Shackelford, 2012).

### **2.2. Beliefs**

Belief is product of the social experience as a result of the share of knowledge and idea from a lens of common sense that interpret social facts in certain ethnic groups (DeLamater & Ward, 2013). Beliefs carry viewpoints, ideas, and attitudes of the particular group of society. Specific statements that people hold to be true. Values are broad principles that underlie beliefs. Beliefs are particular matters that individuals consider to be true or false and are states of mind, as well as traditional culture, in which subjects roughly regard a thing to be true (Vonk & Shackelford, 2012).

### **2.3. Attitudes**

Attitudes may be one of the most studied topics in social psychology. Attitudes involved affect, cognition, and behavior, and a global definition focuses on the “psychological tendency, expressed by evaluating a particular entity with some degree of favor or disfavor”. The object of an attitude can be anything that a person may think about “ranging from the mundane to the abstract, including things, people, groups, and ideas”. Importantly for this review, attitudes comprise both conscious and non-conscious predispositions and action orientations toward these objects (DeLamater & Ward, 2013).

### **2.4. Education**

Education is the key to a person’s place in the satisfaction system. It shapes the likelihood of being employed at a good job with a high income, and it boosts the sense of control as a direct consequence of schooling. Education raises the sense personal control because it helps people successfully prevent problems, or solve them if prevention fails, to achieve their goals, and shape their own lives (Pepperberg, 2006). Through education, one develops capacities on many levels that increase one’s sense of personal control. Schooling builds human capital- skills, abilities, and resources. Education develops the habits and skills of communication: reading, writing, inquiring, discussing, looking things up, and figuring things out. It develops basic analytic skills such as observing, experimenting, summarizing, synthesizing, interpreting, classifying, and so on. Because education develops the ability to gather and interpret information and to solve problems on many levels, it increases control over events and outcomes in life (DeLamater & Ward, 2013).

### **2.5. Religion**

Religion has three key elements: it is a form of culture; it involves beliefs that take the form of ritualized practice; it provides a sense of purpose. Religious beliefs are ideological (the opium of the people), attributing to gods a divine power to shape individual lives which, in fact, lies within the power of human beings and societies (Watson, 2006). Religion frequently acts to support the position of the powerful within society. Religion has been one of the forerunners when making critical decisions in some cultures, especially in South Asia Regions (O’Neill Jr. *et al.*, 2009). However, religions can also be a ‘haven in a heartless world’, thus providing some comfort to the poor and relatively powerless.

### **2.6. Myths**

Since 19th century it has been common to use the term myth to refer to something that is untrue (Collins, 2006). It reflects the secularization of our beliefs for myth in its original sense a sacred tale or received truth. Myths may serve as cultural histories alluding to actual events and practices from the past such as migrations, earlier forms of social origination and natural occurrences (Watson, 2006). Sacred history myths may serve as justification for particular institutions in a society. They link the present social order with a sacred past and condition behavior towards desired ends. Myths may strive to produce in them a prescribed view of the world and an attitude toward social institutions those responsible for maintaining the status quo that will ensure continuity of the existing social order. It constitutes conservative socializing force whose function is to sanctify existing institutions and foster the values of sociality (Vonk & Shackelford, 2012).

### **2.7. Colors**

An understanding of cultural color and symbolism is essential to anyone doing business with other countries and other societies (Watson, 2006). These associations with color have been a part of many societies for centuries and you must be aware of both the positive and the negative implications of using particular colors when marketing to these societies. The colors are arranged

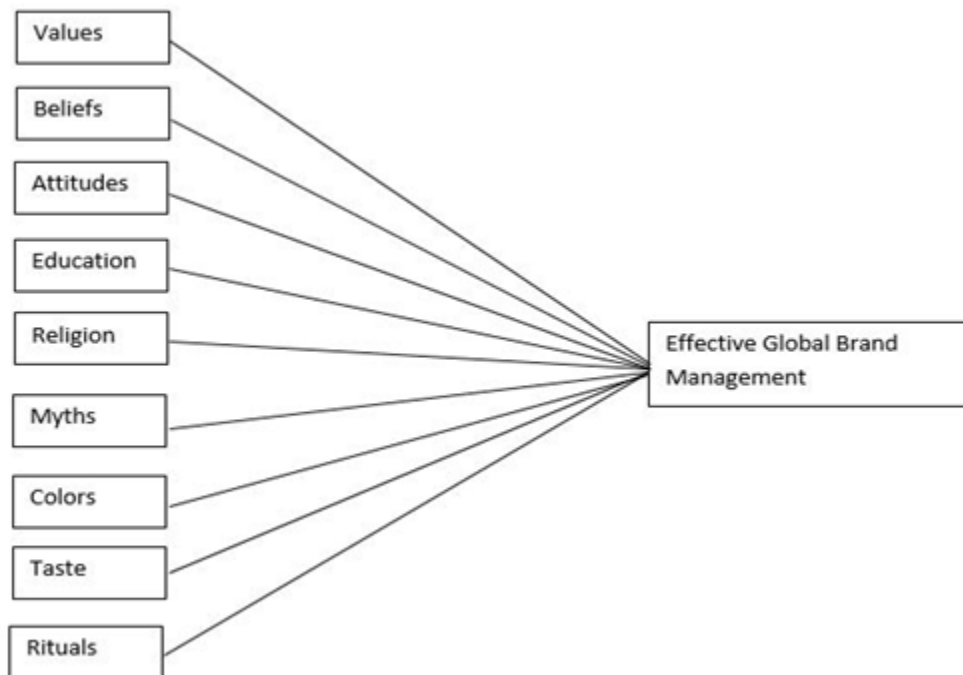
alphabetically and each color is separated into 1-4 categories: Direct Meaning demonstrates the plain use of the color in a passage. Opposite Meaning describes the color use when it contradicts the Direct Meaning (O'Neill Jr. *et al.*, 2009).

### 2.8. Taste

Taste is the ability to make discriminating judgments about aesthetic and artistic matters. It is one component of symbolic systems of classification whose content and structure both reflect and shape particular states of social relations (Watson, 2006). Taste is part of the process by which social actors construct meaning about their social world, classifying people, practices, and things into categories of unequal value. It is displayed in conversation, habits, manners, and in the possession of goods, which signal co-membership into communities of wealth or knowledge (Asser & Hodges 2009). Taste serves as an identity and status marker, being used simultaneously as a fences or bridges in processes of exclusion and inclusion. Displays of taste contribute to the creation of networks and shared identities within groups, but it also allows for the identification and exclusion of outsiders whose standards of taste differ and who do not belong. Taste cultures are clusters of cultural forms which embody similar values and aesthetic standards (Watson, 2006).

### 2.9. Rituals

Rituals, refer to a religious or solemn ceremony consisting of a series of actions performed according to a prescribed order. There are many rituals that people take part in, even in modern society, and each has their own meanings and symbolisms (Watson, 2006). Some rituals are used in weddings, funerals, healing, and even in childbirth. Such rituals might be conducted in public, or in private. Someone who is given the authority and respect by others commonly conducts such rituals. Rituals tend to be culturally associated and are ceremonies that are resistant to change and are passed down from generation to generation. For the most part, rituals act as a symbolic medium for creating and maintaining social ties and dependencies to the community (Watson, 2006).



**Figure 1.** Theoretical model

### 3. Hypothesis

#### 3.1. Culture and Global Brand Management

Prior studies have argued that constituents in a culture will give a significant emphasis on cultural factors mentioned above, when interpret meanings to their decisions and behaviors (Bolton, Keh, & Alba, 2010). These behaviors could be marriage, purchases, social affiliations, and other society related interactions. Consumers, in more commercial world, will interpret their purchase of a specific brand from a cultural lens that leads to a close of a final sale (Watson, 2006). Based on this premise, the following is expected:

*Hypothesis 01* – culture significantly influence global brand management.

#### 3.2. Global Brand Management and Consideration of Cultural Perspectives

Culture encompasses a set of values, beliefs, attitudes, education, religion, myths, colors, taste, and rituals (Kelley, 1988). When going global, especially when organizations are into international businesses, the understanding of different cultures, in order to modify the market offer either to fullest extend or to a certain extent, is mandatory to win the market (Morhart, Herzog, & Tomczak, 2009). The existing literature provides ample evidence to support the findings of empirical investigations confirming many organizations that failed in their businesses, especially in the absence of adequate understanding of the respective cultural perspectives (O'Neill Jr. *et al.*, 2009). On the basis of this empirical evidence, the following is proposed:

*Hypothesis 02* – organizations significantly consider cultural perspectives such as values, beliefs, education, religious values, symbols, and myths of different cultures in their global brand management.

#### 3.3. Cultural Dimensions and Their Equal Influence towards the Effectiveness of Global Brand Management

Culture is critical in moderating one's behavior in a country/organization. Culture can be defined as a set of values, beliefs, attitude, ideas, artifacts, rituals, and education nurtured in a specific social structure or institution (Collins, 2006). Further, the culture is seen as a guiding set of unwritten norms for people to behave in a specific social context (Argo, Popa, & Smith, 2010). Based on prior empirical evidence, scholars argue that elements of a culture equally exert influence for global brand management (Watson, 2006). This expectation is formally captured in the following hypothesis:

*Hypothesis 03* – cultural dimensions exert equal influence towards the effectiveness of global brand management.

### 4. Methodology

This quantitative study administered an online survey to 75 respondents from 30 multinational companies from seven different industries: pharmaceutical, leisure, fast food, financial, technology, telecommunication, and consumer goods. An 'other' category was provided respondents to enter sectors not provided in the survey. Out of 75 questionnaires distributed, 69 were completed. The response rate was 92%, which is a satisfactory level according to the survey designed. The survey was administered only for brand managers. The 50 measurement items were developed in the questionnaire from scales with established validity and reliability and distributed among ten categories (nine independent variables and effective global brand management). Values, beliefs,

attitudes, education, religion, myths, colors, taste, and rituals were measured on five-point Likert Scale (1= “Strongly disagree” and 5= “Strongly agree”).

## 5. Analysis and Results

Reliability of survey items was measured using Cronbach Alpha. The resulting statistic was 0.754; Cronbach Alpha based on standardized items was 0.827, and number of item used for computation was 9. Therefore, the Cronbach Alpha values represent high reliability among the items used in the survey. SPSS was used to run regression and partial correlation. Correlation was significant at .05 ( $p < .001$ ). The model is well-fitting the data, given the number of variables and data points. The results suggest Consideration of Culture to Effective Global Brand Management Pearson  $r$  correlation of .958, ( $p < .001$ ).

Linear regression analysis was used to test the hypothesized relative degree of influence of all the independent variables (values, beliefs, attitudes, education, religion, myths, colors, taste, and rituals) on the dependent variable (effective global brand management). All the independent variables established a positive, significant correlation with effective global brand management. Below are the results of each individual hypothesis (significant at the  $p < .05$  level).

**Hypothesis 01** – culture significantly influence global brand management. This was supported with a partial correlation value of .958.

**Hypothesis 02** – organizations significantly consider multicultural perspectives such as values, beliefs, attitudes, education, religion, myths, colors, taste, and rituals in global brand management. This was supported with a partial correlation value of .246.

**Hypothesis 03** – cultural dimensions exert equal influence towards the effectiveness of global brand management. This was not supported due to different partial correlation values (values .814, beliefs .945, attitudes .917, education .942, religion .575, myths .942, colors .960, taste .479, and rituals .546).

## 6. Discussion

The data suggested support for the theoretical model presented in figure 1, which contains nine elements of a culture that influence effective global brand management. This phenomenon validates the previous seminal investigations conducted by Zaleznik (2004), Tyler and Gnyawali (2009), Snow (2005), and Gerstner Jr. (2003). These authors argued that despite the high importance of using multicultural perspectives in global brand management in multinational organizations, these cultural factors were given minimum significance in using them for global brand management. Therefore, this study establishes a new theoretical model as an extension to already grounded models in the existing literature. These findings should be of interest to brand managers who work for multinational or international organizations in terms of their brand strategy development with the objective of customization. This study also should be of interest to scholars who could develop theories and testable models that capture the importance of consideration of cultural perspectives for effective global brand management. However, this particular study embedded also with few limitations. These limitations are as follows. The findings are limited only to a sample of 75, which is fairly a weak representation. Number of independent variables (cultural elements) ended up with nine, due to the arduous literature survey. Overall, the study suggests a presentation of an extended theoretical model developed based on the existing literature body.



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