

## Article

# Preventing Failures in International Markets

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The aftermath of companies having failed abroad – Starbucks in Australia (US\$ 105 million), Walmart in Germany (US\$ 3 billion), Uber in China (US\$ 2.4 billion), Best Buy in the UK (US\$ 133 million), and Target in Canada (US \$2.5 billion) – is an invitation to consider better ways of assessing companies' compatibility with foreign cultures. An exploratory study testing the acceptance of a new product in the food industry demonstrated that cultural communities in the domestic markets could help companies to reduce the likelihood of rejection from foreign consumers by revealing the needed adaptations of their marketing strategies.

### BRINGING INTERNATIONAL AND MULTICULTURAL MARKETING TOGETHER

Cultural traits play a central role in defining marketing strategies both internally (domestic markets) and externally (foreign markets). Often, companies only consider cultural differences when addressing foreign markets. However, we suggest that assessing both domestic and foreign markets with the same attention to cultural traits can provide companies with two main benefits: better satisfy domestic cultural communities (multicultural marketing strategy) and benefit from those communities to pre-test their marketing strategies for foreign markets (international marketing strategy). We argue that when there is evidence that cultural differences don't have an impact on the acceptance of some offerings, standardization can be a valid choice for both domestic and foreign markets. Yet, if those differences are relevant, companies should consider an adaptation strategy to both markets.

Marketing strategy standardization is defined as the deployment of a common offering across countries assuming that cultural differences don't matter, whereas adaptation is when offerings are tailored to different countries depending on their specific cultures (Poulis, 2024). By assessing cultural differences among consumers in domestic markets and seeing standardization and adaptation as the two extremities of a continuum, we suggest breaking away from the dichotomist approach by using domestic multicultural marketing as an adjustment variable to identify the aspects of international marketing strategies likely to be standardized and those likely to be adapted to foreign cultures.

While exporting helps companies to test foreign markets with low risks, companies settling abroad see those risks increased, because of high financial investments and the likelihood of rejection: 80%–90% of new products launched every year are rejected by the consumers.<sup>1</sup>

Such rejection can lead some global companies to withdraw from foreign countries or to be constrained to unplanned adaptations of their standardized strategies throughout their implementation, as did McDonald's and the Disney Park in Europe after having faced strong opposition from the local population. Their attempts to address global customers were challenged by local cultural traits. After boycotts and destruction of restaurants, McDonald's has gradually adapted their menu specifically to each European country, changed their logo to green, and is now blending with the local architecture by not renovating buildings to fit their standard restaurant format. As for Disney, after 30 years of constant adaptations and investments involving rebranding and a \$2.20 billion debt, Disneyland Paris has finally known a record post-covid year with \$51 million operating profit and \$2.6 billion total revenue.<sup>2</sup>

Had both American companies benefitted from their country's multicultural landscape to identify impactful cultural differences, their penetration in these foreign markets would have been facilitated. Through cultural segmentation in their domestic market, they would have analyzed each European culture separately and would have understood that there is no such thing as European culture.

In line with the above, relevant cultural differences in domestic markets were identified in an exploratory study pretesting a new concept in the food industry in Chicago, Illinois, the city being home to more than 180 different cul-

<sup>1</sup> <https://hbr.org/archive-toc/BR1104>

<sup>2</sup> <https://www.forbes.com/sites/carolinereid/2023/03/28/disneyland-paris-reports-record-26-billion-revenue/?sh=7931e41f3187>

tural communities. Bilingual interviewers belonging to the communities participating in the study conducted face-to-face in-depth interviews. The product under study was an instant plant-based pasta made out of peas, with a name that included the word “Ramen”. In total, 102 respondents accepted to participate in the study: 37 Chinese-Americans, 25 Japanese-Americans, and 40 Mexican-Americans. Some of the participants were born and raised in the United States, while others were originally from the countries involved in the study. No relevant differences between the two subsets were observed, supporting our statement that domestic cultural communities are representations of consumers from foreign countries. While it is acknowledged that local communities may not perfectly match their home country cultures, we nonetheless contend that they maintain significant characteristics of their home countries which can allow companies to assess the applicability of products in these foreign markets.

Participants were given a sample of the product to prepare at home followed up with interviews. The goal was to identify the marketing variables likely to be standardized and those requiring adaptation, including the positioning/concept, product, packaging, brand name, pricing, placement and promotion. Through these interviews, the study aimed at uncovering the intricate and complex dynamic of international and multicultural marketing by shedding light on their practical manifestation within international companies’ operational contexts.

In addition to their nutritional habits, which include noodles and vegetables, these cultural communities were chosen because they are frequently targeted by the ethnic food industry. Moreover, the product’s name featuring “Ramen” made it almost mandatory to turn to the Chinese-American and the Japanese-American communities. The Mexican-American community enabled extending the study to non-Asian cultures. It is also a vegetable and noodles’ (fideos) consumer population and represents the biggest cultural minority in the city, making it a potentially profitable target market for the product under study.

Results confirmed that differences in cultural traits go beyond general categorizations such as Latin-American, Asian-American, African-American or European-American consumers, which imply regional rather than national cultural differences.<sup>3</sup> Indeed, each one of the countries constituting those continents have their own specific cultures, which are carried abroad with emigration. For example, our study revealed considerable differences between the Japanese-American and the Chinese-American respondents, yet both belong to the Asian-American community.

Cultural segmentation leads to more accurate potential market forecast. For instance, the Asian-American community is larger than the Chinese-American one.<sup>4</sup> It seems to be a promising target market, however misleading if the

different Asian cultures within that same community have different perceptions of the same offerings.

## THE BENEFITS OF MULTICULTURALISM

Unlike traditional market segmentation, cultural segmentation focuses on consumers’ segments defined by cultural traits exclusively, although allowing for supplemental sub-segmentations based on demographics, benefit segmentation, and purchase behavior. Multicultural marketing sees each cultural community as a segment of a broader market (minorities within a predominant culture). Admittedly, differences in age, income, race, and lifestyle among consumers belonging to the same cultural community exist, but those differences are not rooted in their cultural legacy.

As culture is transmitted from one generation to the next, food brings together those who share the flavors of the same cultural heritage, enhancing family cohesiveness through the transmission of cultural traditions. Sociological and marketing studies underline how food represents an everyday materialization of ethnic identity and, as such, food choices are resistant to change (Cappellini & Yen, 2013). Thus, the need for cultural adaptation in the food industry goes beyond taste, and marketers should also consider the importance of the language used in marketing communication and packaging (Zhang, Laroche, & Richard, 2017).

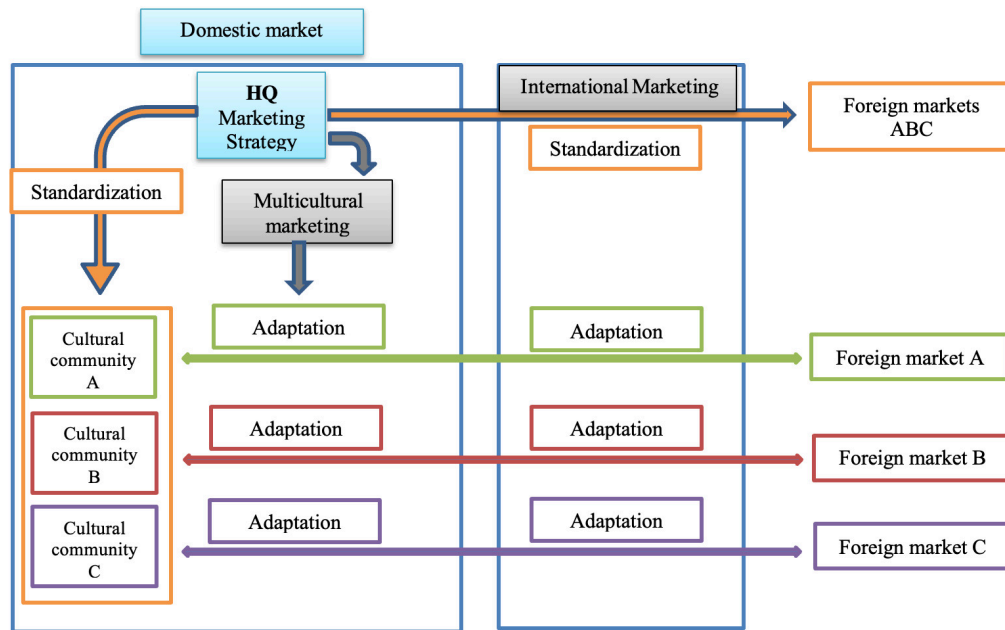
International marketing assumes that some wants and needs can be similar across countries, which can allow some degree of standardization of the marketing strategy, while some others might require local adaptation. The same rationale should be applied to domestic markets:

1. Avoid monolithic thinking – people are culturally different even in the domestic markets.
2. Speak consumers’ language – decode cultural codes and use consumers’ country of origin language.
3. Go beyond *one size fits all* – universal needs are challenged by specific needs and habits in each culture.
4. Understand ethnic diversity – avoid basic assumptions and dive deep in understanding each cultural community separately.
5. Understand potential and future consumers – culture perseveres because it is transmitted across generations.

Analysis and comparisons are imperative to uncover both differences and similarities across cultures leading to deciding on the degree of standardization/adaptation of the marketing strategy for both domestic and foreign markets.

<sup>3</sup> We acknowledge that cultural differences within countries may also exist – for example, between regions within China. Our logic would extend to these differences, although these are beyond the focus of the current study.

<sup>4</sup> <https://www.census.gov/programs-surveys/decennial-census/decade/2020/2020-census-main.html>



**Figure 1. Relationship between domestic and foreign markets**

## CULTURAL DIFFERENCES MATTER

Culture is a key factor influencing strategic decision making (Dau, Beugelsdijk, Fleury, Roth, & Zaheer, 2022), and our study sheds light on the lack of convergence of three different cultural communities coexisting in the same city. Our findings demonstrated two main relevant aspects of multiculturalism. The first one is that the assumption that domestic markets are culturally homogenous is worth questioning. Although niche marketing has been catering ethnic food to Hispanic (guacamole) and Asian (tofu) populations, most products address all cultural segments indistinctively (pasta, coffee, sodas...).

Unlike the above, our study's outcomes suggest a culturally inclusive approach in creating a line for the same product with variations incorporating cultural adaptations: spicy, big-sized packaging and in Spanish for Mexican-Americans, not spicy with small portions for Japanese-Americans, and mid-sized packaging and soy based for Chinese-Americans. The second finding supports our proposition that domestic multiculturalism can help to pre-test marketing strategies aiming at addressing foreign markets. [Figure 1](#) demonstrates that each cultural community in the domestic market corresponds to a foreign culture. Standardization is valid when companies believe in cultural homogeneity; otherwise, some degree of adaptation is required. The same cultural assessment and strategic choices are suitable to both foreign (international marketing) and domestic (multicultural marketing) markets.

Consistently, the cultural differences observed in our study demonstrated that no variable in the marketing strategy could have been standardized. Indeed, the only common response from the three different cultures was the difficulty in grasping the concept's positioning because par-

ticipants could hardly set apart what has usually been called plant-based food from the product under study. Differences in the taste were remarkable going from not spicy for Japanese-Americans to very spicy for Mexican-Americans and preferences for soy-based rather than pea-based for Chinese-Americans. While the sauce came incorporated in the pasta, Mexican-Americans would rather bring their personal touch to the meal by seasoning it as per their own choices of sauces, whereas Japanese-American participants would rather place the sauce separately in the packaging. Therefore, it wouldn't be recommended to the company to standardize the product if it were to be sold in China, Japan and Mexico.

There was no consensus about the packaging either: from individual consumption for Japanese-Americans to family size for the two other cultures, the company should also question what “family size” means in different cultures. In this case, it would be between 4–6 people for Chinese-Americans while it would go up to 8–10 in Mexican-American families. Regarding the language, Japanese-Americans would accept having their language on the packaging only if the product was originally Japanese and Chinese-Americans would vote for a bilingual packaging. Mexican-Americans would agree to bilingual with a preference for Spanish only.

As for the brand name, for the Chinese-American and Japanese-American participants who are usual consumers of ramen, the word "Ramen" on the packaging sounded deceptive and should not be used, whereas with ramen not being part of the Mexican diet, Mexican-Americans saw no harm in using it on the packaging. The sensitivity to the price comes along with the packaging size. Those who would aim for individual consumption, like Japanese-Amer-

icans, would pay less than Mexican-Americans who would aim at bigger portions.

Participants' opinions about placement aligns with their vision of the product's name. As it is not really ramen, Chinese-American and Japanese-American participants believe that the product should not be distributed in Asian grocery shops, while Mexican-Americans suggest to give access to as many people as possible including Asian and non-Asian shops.

Finally, and as the promotional message aims at highlighting the benefits of the product, Chinese-Americans suggested a fun tone about pasta not being just noodles, while Japanese-Americans would focus on the health benefits of plant-based products and Mexican-American participants would highlight the easy preparation.

As demonstrated above, whether dealing with domestic or foreign markets, companies should consider cultural traits as a determinant factor in strategic decision making, because all marketing variables are under the influence of culture.

## IMPLICATIONS FOR INTERNATIONAL BUSINESS

Understanding that the only difference between multicultural and international marketing is the location – domestic/foreign market – is the first step to designing a performant marketing strategy.

Domestic cultural communities can help in identifying the needed degree of standardization/adaptation, because those communities are extensions of foreign cultures. Thanks to cultural segmentation, companies can identify markets more compatible with their offers in an accurate and cost-efficient way. It can prevent companies from assuming that their offering is universal because it is simple, trendy, easy to understand and to use, as did the company participating in our study, but our results proved them wrong.

Acknowledging the impact of culture on consumers' decisions in all markets paves the way to success. As culture is given, companies should focus on what they can control: what seems to be a strength in one culture can be a weakness in another one. For example, including the word "Ramen" in the product's name was assumed to be enticing to Asian-Americans, but it turned out to have the opposite effect.

The fact that the three cultural communities participating in this study differed in every aspect of the marketing strategy should raise a red flag to companies from all industries. We suggest that marketers scrutinize their entire marketing strategy to ensure pertinence and consistency in both domestic and foreign markets, as explained in [Table 1](#).

Although not caused exclusively by their marketing strategies, MNCs' failures in intercultural settings engender significant consequences other than financial losses: early re-entry of the expatriates managing the subsidiary abroad, damaged relationships with partners, investors and local governments, negative brand image and risk of contamination in the region where neighbor countries might refuse the company's access to their markets. For example,

misalignment with local competition and consumer preferences cost Dasani in Europe and Uber in Southeast Asia more than the loss of one market.

Finally, we draw companies' attention to a number of recurrent reasons for international failures having been identified by marketing professionals: lack of planning, lack of adaptability, exporting domestic operations to the foreign markets, and lack of cultural and linguistic assimilation. It is companies' responsibility to help consumers to incorporate their offerings in their pre-existent cultural habits. This process is facilitated by the choice of cultural segments more compatible with their offerings and by positioning them as a relevant addition to consumers' lives rather than as an "intruder". See [Table 2](#) for a summary of our main concepts and recommendations.

## ABOUT THE AUTHOR

**Eliane Karsaklian**, PhD, HDR, is an unusual combination of big picture thinker, academic and practical businessperson. She has lived and worked in a number of countries, giving her extensive knowledge and experience in international business. Author of numerous publications, Dr. Karsaklian is an award-winning researcher and a well-known international speaker. Her most recent books about International Negotiation and Multicultural Marketing have granted her several interviews online. Her upcoming book (2025) will provide knowledge and practical insights of AI in Marketing.

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**Table 1. Assessing marketing mix cultural compatibility**

Marketing Mix	Cultural factors	Examples from the study
<i>Product</i> - Identify factors for acceptance/rejection; assess product, name and packaging	Different patterns of consumption and the symbolic role of products and names	Preferences for the taste (spicy), brand name (Ramen), language (Spanish), and packaging (family) differed across the three cultures
<i>Price</i> - Assess value to establish pricing	Consumers' price sensitivity varies across cultural communities	The "fair" price was clearly associated with the packaging's size which varied across cultures
<i>Place</i> - Ensure distribution appropriateness	Shopping activities differ in preferred types of stores	There was no consensus about selling in Asian and non-Asian shops
<i>Promotion</i> - Tell a story that resonates with their culture	The appropriateness of different approaches to the use of the product and language adaptation to each ethnic community	The tone and message were perceived differently across communities – Funny/ healthy/easy to prepare

**Table 2. Summary of the main concepts and recommendations**

Concept	Definition	Recommendation
Standardization strategy	Refers to the application of the same marketing strategy across national and international markets.	Pre-testing a standardized strategy in the domestic market can prevent failure or a forced adaptation once settled abroad.
Adaptation strategy	Relates to considerations of cultural differences in foreign markets requiring customized marketing strategies.	Pre-testing an adaptation strategy in the domestic market can better indicate how adaptations should be operationalized.
International marketing	Companies addressing foreign markets.	Use cultural communities in the domestic market to pre-test the marketing strategy.
Multicultural marketing	Companies addressing culturally different populations in the domestic market.	Study cultural communities to better adapt the line of products to each culture.
Cultural community	A market segment of consumers sharing the same cultural heritage.	Identify the cultures that are more likely to accept your product.
Cultural segmentation	Culture is the only criterion for market segmentation and differs from race, age, income.	Go beyond general categorizations based on continents: think one culture = one country.*
<b>Designing a multicultural marketing strategy</b>		
Define your cultural communities	Make sure to use only culture to define them.	Identify the cultural communities you can deliver to without generating frustration by standardizing your offer.
Choose your targets	Who will potentially buy your product?	Select the cultures you know best and use it as your competitive advantage.
Establish specific objectives	What is it that you want to achieve?	Take into account the compatibility of your product with the habits of the targeted cultures.
Understand how target consumers relate to your product	How will they use your product?	Give them a picture of how to incorporate your product in their cultural habits.
Position your brand	What benefits specific to their culture will consumers take from your product?	Make sure the benefits you offer make sense to each specific culture. Expectations might differ across cultures.
Measure the efficiency of your marketing strategy	How do your consumers assess your product as being part of their culture?	Collect data from each different culture to envisage potential improvements specific to each community.

\* We also recognize that within-country cultural differences may exist.



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