

## Chapter 24

# Creating a Culturally Sensitive Marketing Strategy for Diffusion of Innovations Using Hofstede's Six Dimensions of National Culture

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### ABSTRACT

*Marketing incremental and radical innovations to consumers in different nations requires an understanding of the influence of their national culture, socioeconomic, and demographic variables (Everdingen & Warts, 2003). The innovation adoption process involves innovative and imitative consumer behavior (Rogers 1962, 2003; Bass, 1969; Norton & Bass, 1987). The consumer behavior of adoption of innovations can be predicted from their attitude towards the adoption, perceived behavioral control, social influence, and subjective norms, which are part of the national culture (Ajzen & Fishbein, 1980; Ajzen, 1985, 1991). For multiple generations of the same product, innovation adoption and substitution occurs simultaneously. An integrated, multi-generation diffusion model has been developed that considers a dynamic market potential with a competitive relationship among generations and products (Kreng & Wang, 2013). The Hofstede framework of national culture is the most widely used cultural framework to explain the consequences of culture for global marketing, branding, and advertising (Hofstede, et al., 2010; Mooij & Hofstede, 2010, 2011; Rinnie & Fairweather, 2012). The purpose of this chapter is to summarize the current understanding about creating a culturally sensitive marketing intervention strategy including price, competition, and substitution for the diffusion of innovations using Hofstede's six dimensions of national culture.*

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## INTRODUCTION

When a multinational firm attempts to market a new product, process, service, or technology, the adoption rates vary from country to country. The factors influencing adoption of innovations include geographic, socioeconomic, demographic, and cultural factors. (Everdingen & Waarts, 2003). In all transcultural marketing activities such as advertising, pricing, promotions, packaging and distribution, the influence of the national culture and existing communication systems is pervasive (Steenkamp, 1999). The national culture also influences Transaction Cost Economics (TCE) which is the most widely accepted theory on how firms can gain competitive advantage through efficient organization of their economic transactions (Steenkamp et al., 2012). Seminal theories of national culture include the political science/sociology framework (Kluckhohn 1951, 1962; Hall, 1976; Schwartz, 1994; Inglehart (2005); and the management science framework (Hofstede, 1980; House et al., 2004).

Hofstede's six national cultural dimensions include *power distance*, *individualism versus collectivism*, *masculinity versus femininity*, *uncertainty avoidance*, *long-term versus short-term orientation* and *indulgence versus restraint* (Hofstede et al., 2010). An integrative framework for cross-cultural consumer behavior includes the *etic* and *emic* traditions of studying culture (Luna et al., 2001). The *etic* tradition views culture from *outside* and the *emic* tradition views culture from *within*. An *emic* approach focuses on the description of a culture from within the culture by an insider. The *etic* approach is an outside view in terms of how the culture appears to an outsider. The *etic* approach focuses on comparing the cultures of different nations on some universal values that apply to both cultures to different degrees. Hofstede's national cultural dimensions approach is an *etic* approach. Combining *etic* and *emic* approaches provide more complete view of the national culture.

An innovation, especially a radical innovation, represents a change which can be perceived as either a threat or an opportunity by consumers based on their cultural orientation. Marketing of innovations involves making the consumers perceive the innovation as an opportunity and convince them they will benefit by the adoption of that innovation. Consumer behavior can be predicted by the theory of planned behavior that is an extension of the theory of reasoned action. Theory of planned behavior states that the consumer behavior is determined by the *attitudes* towards the behavior, subjective *norms*, perceived behavioral *control* and *social influence* and *norms* surrounding it (Ajzen & Fishbein, 1980; Ajzen, 1985, 1991). The *social influence* and the *norms* surrounding it are part of the national culture. The central factor in the original theory of reasoned action and the planned behavior theory is the individual's *intention* to perform a given behavior. The consumers' *intention* is influenced by the *values*, *beliefs*, *social influence* and *norms*, which are a part of the national culture. Using the neuroscience technique of Functional Magnetic Resonance Imaging (fMRI), the emotional connection of the consumer with the new product can be revealed giving some insight into intention (Koller, 2010).

Innovation and marketing play a major role in creating superior marketplace performance in firms. The results of a study of firms in Australia and Vietnam show the interaction of innovation and marketing capabilities significantly influences firms' marketplace performance more than they do individually (O'Cass & Ngo, 2011). The innovation gatekeepers or R&D managers consider the 'lead time advantage' as the most important for capturing the most value whereas the marketing function considers the emotional connection of the product with the consumer as the most important item that leads consumers to buy (Fischer & Henkel, 2012).

This chapter discusses transcultural adoption and diffusion of innovations. The adoption behavior is explained in terms of the Roger's (1962)

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