Karlstad Business School
Faculty of Economics, Communication and IT

Adaptation of Controllable Variables in the Marketing Mix in Relation to Local Culture

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A Case Study of Volvo Cars India Limited

Business Administration
Master’s Thesis
30 ECTS

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Date/Term: Autumn 2011

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Acknowledgement

Foremost we would like to express our sincere thanks to our supervisor Bo Rundh for his continuous support and help while writing this thesis. Without his advice and assistance, this study would not have been successful. We are very grateful for his patience, motivation and his valuable suggestions provided to us. We are deeply indebted to him for his whole-hearted supervision during the thesis period.

We heartily appreciate the support provided by the personnel of Volvo Cars India, who have participated in the Email interview and contributed positively for the success of this study.

Finally, yet importantly, we would also like to thank our family and friends who have inspired, encouraged and fully supported us to keep our working spirit.

Thank you all

Aravind N Agastyaraju
Manish Mahato

Karlstad: 13 January 2012
Summary

Globalization is the result of economic and business integration. In this globalized world, the corporations are trying to explore new business opportunities for expanding their business activities. With the globalization phenomena, world became a conjoined business hub where the companies from one country are easily penetrating into foreign markets without critical restrictions. The competition in the targeted domestic market is leading the company to cope up the innovative marketing strategies and mix, which will help to adapt the business to the local market conditions. While going global, companies are facing the new environment and challenges that are unfamiliar. Culture in the targeted country is one of the main challenges facing by the corporations. Culture influences the business and its activities in different ways, since buying behavior and people tastes and preferences are determined by their respective culture. Adaptation of marketing mix and preparing the strategies to adapt the controllable variables of marketing mix in relation to the local culture are the quite common activities for a company that is going to start its operations in overseas market, because goodwill can be attained by respecting the local cultural norms and values.

International businesses are established with heavy investments. Being aware of local environment and culture is highly essential for smooth functioning of the business activities. A company may face heavy financial loss if it enters a foreign market without proper understanding of the local environment and culture. Corporations have to understand and follow the government rules and regulations, laws and restrictions, trade policies, import and export duties, technological factors before entering into a new market and have to abide the rules framed by the local government. On the other side, the culture is also an important factor to consider in business, as culture influences all the activities of the business. On of the area is marketing mix. Adaptation of controllable variables in the marketing mix in relation to the local culture gives satisfactory results in terms of profits and helps the company to create long-term relationships.

Understanding the local culture, its values, norms and attitudes of people helps to formulate the effective marketing strategy by designing the suitable marketing mix. Corporations, to establish in the local cultural contexts, are modifying their products
and changing their service mix to adjust according to the needs of people in the local culture.

Corporations are targeting people from different cultures in the process of expanding their market share. As one size doesn’t fit for all, the same marketing strategy doesn’t suit to target all the customers in different countries. It is highly recommended for any firm to do business with a suitable marketing mix solution that helps to sustain in a market. For that, the firms need to pre-assess the various cultural differences existed in the targeted market, so that they can easily find the adaptable solutions for reaching the customers to render the better services and to make profits.

The purpose of this research work is to understand the Volvo Cars company marketing activities in India. We have tried to find out how the company is adapting the controllable variables in the marketing mix in relation to the local culture in India.

The results of the research show that the company is adapting its marketing mix variables from product to service under the needs of the local people. The degree of adaptation is varying from variable to variable.

*Keywords: International marketing, Market entry strategies, Adaptation, Marketing mix, Controllable variables, Culture, Cultural dimensions.*
Thesis Outline

The total thesis comprises with six chapters, which are briefly explained below…

The first chapter of thesis consists of introduction and background of the study, and is followed by the research problem. This chapter consists of information about the Indian economy, automobile sector in India and Indian culture.

The second chapter entails various theories on the research question. Theories about international marketing concept, market entry strategies and marketing mix and the concept of cultures are also given in this chapter.

The third chapter deals with research methods that we employed during our research, which includes kinds of approach, research design, data collection methods, validity and reliability.

The fourth chapter is about empirical findings, which include the data that we gathered from the personnel of the Volvo Company through the interviews conducted.

The fifth chapter is part of analysis, where the theory is compared with the data that we gathered from the personnel of Volvo cars India.

In sixth chapter we have provided with final discussions and conclusion of our study, which entails with the recommendations and future investigations of our research.
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List of Abbreviations

CIA  Central Intelligence Agency
FMCG  Fast Moving Consumer Goods
IM  International Marketing
GDP  Gross Domestic Product
LCV  Light Commercial Vehicles
HCV  Heavy Commercial Vehicles
FDI  Foreign Direct Investment
MNC  Multinational Company
UV  Uncontrollable Variables
EPRG  Ethnocentric, Polycentric, Regio-centric and Geocentric
BU  Business Unit
SPP  Standard Pricing Policy
TTP  Two-Tiered Pricing
MP  Market Pricing
SP  Sales Promotion
PS  Personal Selling
PR  Personal Relations
NC  National Culture
IC  International Culture
IB  International Business
HC  High-Context
LC  Low-Context
WTO  World Trade Organization
KPMG  Klynveld Peat Marwick Goerdeler
EIU  Economist Intelligence Unit
PDI  Power Distance Index
UAI  Uncertainty Avoidance Index
1. Introduction

This chapter consists of general overview of the thesis. At first, we presented the brief introduction about background of the study, Indian economy, its culture, and automobile industry in India. Next, we presented the research problem, which constitutes the base for this research study. Subsequently, we presented research question, purpose, significance, and limitations of the study. Finally, we have given the structure of the thesis.

1.1 Background of the Study

Multi-national Corporations in the globalized business world are competing each other in their operating industry to expand their market share. Since, from the early 1980’s, the phrase ‘Globalization’ has increasingly become an issue of debate (Hollensen 2001). Globalization process is providing the opportunity for the corporations to enter into the new markets. It is financially advantageous for corporations to expand, which will help in developing its turnover and economies of scale by developing its activities (Kotler 2008). Corporations should adapt their activities according to local culture for the success of their businesses in foreign markets. Since, businesses are highly influenced by culture, a corporation should follow the local culture before it is going to start operations. When comes to the issue of marketing, the controllable variables of marketing strategy are highly sensitive with the various external environmental factors. Of those, culture is one of the key factors an international marketer needs to consider while entering into a foreign market. Here, in our study we have tried to find out the key controllable variables of the marketing mix, which are needed to adapt while operating in Indian market. Since, our study is related to adaptation of the marketing mix variables in relation to local culture, we have studied about the culture in India. With our research study, we have tried to find out how the Volvo car company adapted the controllable variables in marketing mix according to Indian cultural context. We considered studying about Indian culture as our research work is related to India and its culture. Doing business across cultures and borders begin by good negotiation and communication. India, being a multicultural nation, foreign companies should be more focused on proper solution for adjusting to various cultural differences. Further, the management needs to develop effective international marketing strategy and managerial skills.
1.2 India and its Culture

This research study is related with the Volvo Company and its operations in relation to Indian culture, for that we have given a brief glance about the cultural patterns of India. To craft a successful marketing strategy a company has to be aware of local market conditions. People of each country possess a distinct “national character” (Clark 1990). India is a place of different cultures, religions, races and languages. Pre-study of cultures and characteristics lead to succeed the business in India. India is heterogeneous in nature that is complex for a marketer to determine common threads of Indian culture and core values. Not only the main religions existed, apart from those, there are many sub-cultures coexist in India with their own distinctive values, norms, beliefs and behaviors. Thus, a company from a foreign origin needs to carefully consider the cultural patterns and differences while marketing their products and services.

Indian Culture Key Concepts and Values

The below mentioned are the key concepts and values, which determines the Indian culture and its values…

• **Religion**

Umoren (1996) treated religion as a cultural system and defined culture as systems of symbol and meaning. In India, religion is the way of people’s life. People live their life according to the principles and norms of their religion. In order to achieve the successful business relationships and to sustain, one should respect the religion of the people existed in the segment. People have their own mythology, values, norms and attitudes, which are turned by their religion.

• **Languages**

A language in the country plays a prominent role to enrich its culture. Though India is a land of many different languages, Hindi is declared as the national language by the government, though English language enjoys a place of official status.

• **Symbols and Signs**

Nonverbal communication plays a vital role in the Indian culture (Vilanilam 2005). Ceremonial greetings are particularly prominent between the people. Each gesture and sign is meaningful and bears its own name and meaning.
Rituals and customs are actions adopted and practiced in a society to follow cultural norms. The rituals with respect to the religion characterize the people in the Indian society.

Traditions
Over the years, traditions of a society evolve and it is durable in nature (Eaton 2006). Traditions influence the individual behavior. People in any country are ruled by traditions and it is true for business.

Thus, India is a country with rich cultural heritage and the people in the country are prioritized towards their culture and its customs. International marketer should consider the cultural differences and need to adopt the suitable solutions to establish.

1.2.1 Indian Economy and Liberalization
Since the early 1980s, the economy of India has been expanding at an average rate of about 6 per cent per year in real terms (World Bank, 2008). This sentence represents that the Indian economy growth is robust and well sustained. Liberalization process has helped for country’s progressive growth, which has an average of more than 7 per cent per year since 1997 (CIA-The World Fact book, 2011). Many industries, from FMCG to highly industrialized firms entered the Indian subcontinent. When compared to many others countries in the developing world, India’s economic openness might still be considered as moderate and its transformation appears quite dramatic when assessed against the country’s own historic standards (Kohli 2006).

Economic Indicators

Table. 1 Economic Indicators of Indian economy

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP In Dollars (purchasing power parity)</th>
<th>GDP real growth rate (In percentage)</th>
<th>GDP per capita (In dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.447</td>
<td>6.2</td>
<td>3000</td>
</tr>
<tr>
<td>2009</td>
<td>3.679</td>
<td>6.8</td>
<td>3200</td>
</tr>
<tr>
<td>2010</td>
<td>4.06</td>
<td>10.4</td>
<td>3500</td>
</tr>
</tbody>
</table>

From table 1, it is observed that the economic indicators have shown an increasing trend in India.

GDP is increased from 2008 to 2010, which represents the progressive growth of the economy. The crucial step taken by the Indian government is the introduction of the policy that favored the deregulation, encouragement of public-private partnerships and foreign investment regulation, relaxation in some sub-sectors, but observed improvements are terribly slow. In addition, the key step undertaken with concern to WTO related trade and engagements with respect to liberalization and modernization policy.

Thus, by launching of various economic reforms, liberalization policies and economic restructuring program in the year 1991, which has led to tremendous change in progress of the Indian economy and brought significant changes in the industrial sector. Various multinational corporations started their operations in different sectors. The GDP and various others economic indicators have shown an increasing trend. It is observed in the Indian economy that 9 per cent of an average growth rate is recorded in the past five years and is expected to continue this growth in the medium term (EIU, KPMG Research, 2010). The World Bank forecasts, by 2020 India could become the world’s fourth largest economy.

1.2.2 Automobile Sector & Its Growth in India

Automotive industry is one of the key drivers for an economy. It plays a pivotal role in country’s rapid economic and industrial development. In India, the period after independence until the 1970s was a period of pervasive regulation and protection for the automotive sector as well (Kathuria 1996; Singh 2007). Until the 1980s, the automobile industry in India was in line with the overall policy of state intervention in the economy. Moreover, the number of firms in various segments of this industry like light commercial vehicles [LCV] and medium and heavy commercial vehicles [HCV], until the early 1980’s, were remarkably few. Indian automobile industry has been operating under protected market conditions, which is secured both from internal and external competition for a long period. The limited liberalization of industrial licensing, inward-FDI and technology import are the factors paving way for internal competition in this sector.
Changing in the government policy towards foreign direct investments led to a significant change in the aspects of technological upgradation of Indian automobile industry with the new entrants. Technological expertise and acquisition was expected to enable and adopt industries to modernize, which helps to improve and increase their competitive capabilities.

There were tremendous improvements in Indian automobile market from the past two decades. Many global market players like Toyota, General Motors, Suzuki, Nissan, Chevrolet, Hyundai, Volvo and Ford Motor Company entered India with different kinds of marketing strategies to establish in the Indian market.

Recently, with the reduction of excise taxes and de-licensing has led the Indian automobile industry into a reformed condition. Indian automobile industry is well positioned for growth, serving both domestic demand and, increasingly, export opportunities. Furthermore, the increase in the income levels and India’s working-age population is likely to help the increasing market for private vehicles.

**Evolution of Automobile Industry in India**

<table>
<thead>
<tr>
<th>Initial years</th>
<th>Licensed manufacturing, Customs duty on Import is high, Steep excise duties, sales tax is more, Only two major players: Hindustan motors and Premier Automobiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980’s</td>
<td>Entry of Maruti Udyog Limited, New products, Government Support</td>
</tr>
<tr>
<td>1990’s</td>
<td>Sellers market, De-licensing in 1993, removal of capacity restrictions, Decrease in customs and excise duties, Auto financing schemes brought by banks</td>
</tr>
<tr>
<td>2000’s</td>
<td>Buyers market, increase in indigenization, Easy auto financing schemes, car vendor’s diversifying activities like finance lease, fleet management, insurance and certified used car market.</td>
</tr>
</tbody>
</table>

(Source: KPMG Research 2010)

According to KPMG research 2010, in recent times it is observed the riveting dynamics in Indian automobile industry with the effect of global downturn, followed by recovery in domestic demand. The prediction of growth of the industry in the
medium term based on current trends is analyzed with two broad themes in the global automobile industry. The two themes are…

• Growth
• Consolidation

**Growth**
India’s automobile market has been in the growing trend constantly over the last 7 to 8 years, except the previous two years where the effects of global downturn were experienced, primarily in the sales of commercial vehicles. The main factors that drive growth in the Indian automobile market are affordability, alternative fuels, fuel economy, niche products and the vast rural market.

**Consolidation**
Over the last two decades, India attracted many automobile manufacturers all over the world, and it became a destination for their businesses. As India seeks to become one of the world’s largest markets in automobile segment, it is attractive to look at its evaluation over the years.

The government of India has liberalized the external technology licensing since the mid 1980s. Indian automotive firms have adapted to an increasing import of foreign technology. Many international automobile corporations found India as a vast market and today many cars of different foreign brands are running on Indian roads. The entry of many global automotive manufacturing companies and their establishment of manufacturing units resulted the customer having the choice of choosing from the wide range of foreign and domestic cars with competitive prices. The growth of middle class people and rise of their incomes, along with the strong macro-economic fundamentals has attracted the leading auto manufacturers to enter into the Indian automobile market. The various factors like market linked-exchange rate stabilized financial market, and availability of trained manpower has shifted new capacities and flow of capital to the auto industry of India. All these issues have not only enhanced competition in auto companies but also resulted in multiple choices for Indian customers at competitive costs.
1.3 Purpose of the Study

The primary objective of this thesis work is to find out what are the controllable variables in the marketing mix that a company needs to adapt in relation to the local cultural context. Corporations need to consider different aspects while going to target their marketing mix in the local market. We have chosen the Volvo cars India, an automobile company from Swedish origin, which has its business operations in India. Volvo, being a foreign company in India, it is highly essential for the company to adapt the controllable variables in relation to the local cultural context. Here, we intend to analyze the controllable variables of the marketing mix needed to adapt according to the needs of local people. This study is based on a single case study method. Thus, the reason we have chosen Volvo auto India into consideration for our research work. Furthermore, in our research work we will also analyze the prior research papers on variables of marketing mix in relation to local culture with the objective of examining the empirical findings. We are going to find out the key variables of the Volvo’s marketing mix and tried to find how company is adapting them according to Indian cultural context.

1.4 Research Question

One of the most pre-task for a corporation before entering into a foreign market is to understand the different elements like local culture, market and environmental conditions. The study of external environmental conditions of the entering foreign market helps the international marketer to frame successful market entry strategies, which will further helps in competing with rivals. Since, the external environmental factors like economic, political, market opportunities, technological environment has an impact on the operations, and obviously a company needs to abide the legal framework of the government to establish. Apart from these factors, Culture is also one of the various factors, which influences adaptation of the marketing mix of a company. Thus, in our study, we have chosen the variable ‘Culture’ and we investigated how the Volvo is adapting its different controllable variables in its marketing mix. Since, culture is extremely difficult to define, as it is subject is vague and broad. Every author who has dealt with culture has given a different definition (Hollensen 2001). Hofstede (1980) defined: “Culture is complex, but it is not chaotic; there are clearly defined patterns to be considered. Culture is collective programming of the mind which distinguishes the members of one human group from another”
The elements of language, manners and customs, technology and material culture, social institutions, education, values and attitudes, aesthetics, religion are usually included in the concept of culture (Hollensen 2001). Companies have to consider the culture, while taking decisions on the marketing mix. Studying about various cultural characteristics will help the company to formulate the effective marketing strategy. With that, the international marketer can find the better solutions to adapt in the marketing mix which is suitable to target the local market. We have developed the following research question for achieving the objective of this intended thesis work by choosing a company from Sweden which has its operations in India.

“What are the controllable variables in the international marketing mix, a company needed to adapt in relation to the local cultural context”?

A case study of “Volvo Auto India.”

To fulfill our research question objectives, we have considered a single case of Volvo Cars India Limited, as an example of automobile company. From this single case, we intend to enhance the knowledge on the area of culture and its dimensions. In addition to that, findings of this study can be generalized to all the multinational automobile corporations of the same segment operating abroad in different cultures.

1.5 Significance of the Study

Many corporations in these days are entering into the different foreign markets with the base of proper communication and infrastructure facilities provided by governments. Usunier (1993) stated that in today’s globalized world, barriers to trade and international exchanges are constantly diminishing. A proper fundamental market analysis and pre-market study will help the international marketers in formulating the effective marketing strategies. Without proper idea about market conditions and culture, it is difficult for any corporation to well establish, survive and compete in the market. However, the dimension of culture remains the most enduring feature that is necessary to be integrated in marketing strategies in their implementation, especially when they focus on international marketing mix. The major goal of any MNC is to create enormous profits by penetrating into different markets. Corporations need to adapt effective combination of the marketing mix to create profits and run the business in successful manner especially in automobile market. For adaptation of the marketing mix, a company needs best sales practices and policies, planning
strategies and perfect framework. To evaluate and analyze the various controllable variables need to be adapted in the marketing mix according to local culture, in this study we tried to find out various facts and theories related to the controllable variables in the marketing mix needed to adapt in relation to local culture. This research study will be primarily beneficial for automobile corporations, as they can find out the factors for adaptation in the marketing mix across culture and try to find out the appropriate solutions with the base from the theoretical framework of this research study. Likewise, findings of this study can be taken as references while evaluating the corporations, which are doing international marketing across different cultures. In addition, from this study, students as well as managers can understand the cultural differences and their influence on a company’s marketing activities and this study also helps to know what is the action to be taken under various marketing conditions in accordance to local cultural context.

1.6 Limitations of the Study

Our research study possesses several limitations due to time constraint and economic costs. In this research part of study after detailed analysis of the single case, we had drawn our conclusion. We believe that considering the multiple case studies might be the better option and choice, which helps to find out complete overview of the cultural differences and knowing when companies need to adapt the controllable variables in their marketing mix according to different cultures. We employed qualitative study to carry out this research work, since we have chosen a single company. Therefore, quantitative study method can be deployed in future research to perform comparison with similar organizations to find out whether similar findings are noticed.

1.7 Structure of the Thesis

Our thesis work is composed of six chapters. The first chapter is introduction part where we have given brief fundamental information about our study. In the second chapter, we presented and explained our theoretical framework. We portrayed the theory as a foundation for our study in two phases. In the first phase of the theory, we have considered the international marketing concepts and marketing mix with controllable variables, and in the second phase of theory, we have presented about the concept of culture, which has an influence on the marketing mix of a company. In chapter three, we described about the various research methods that we used in our study as well as explained our different choices, which are leading to selection of
such particular methods. In chapter four, we listed our empirical information that we have gathered through our interviews from the employees of the company. In chapter five, we analyze our results in the light of our theoretical framework and empirical findings. In chapter six, we discussed and concluded about the whole research and presented the conclusions on the adaptation of controllable variables in the marketing mix appropriate to local cultural context.

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   Research questions

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   Culture and its dimension models

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   Research design
   Case selection

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   Controllable variables
   Adaptation w.r.t local culture

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   Suggestions

Figure 1 Structure of thesis
2. Theoretical Framework

This chapter consists of the theories that we have used as a base for our analysis. The theories and facts relate to international marketing and the controllable variables along with the concept of culture and its dimensions models are presented.

2.1 International Marketing

Globalization of trade and commerce has given a prominent role for international marketing activities, and denotes one of the most significant changes that accelerate the rapid growth of global marketing strategies. Globalization has implications not only for business but also for other organizations and individuals. International marketing process takes place all around us every day, it has a significant impact on our lives, and offers new opportunities and challenges. International marketing is the performance of the business activities in more than one nation that directs the flow of a company’s goods and services to consumers or users for attaining profit. It is the process of planning and conducting transactions across the national boundaries and borders for exchanging, which satisfy the objectives of individuals and organizations. The various forms of the international marketing phenomena are export-import trade to licensing, wholly owned subsidiaries, joint ventures, turnkey operations and etc. The exchange of transactions and business, which will take place across national borders, emphasizes the difference between domestic and international marketing. International marketing had a chance of greater risk and unfamiliar problems. To face those challenges and to manage the risk, various marketing strategies are necessary to enter into foreign markets. For any company to sustain for longer period in the international business environment, it has to be aware of the local environmental conditions. It has to enter the market with effective marketing strategy.

2.2 Marketing Entry Concepts

The differences in the international orientation and approach to international markets that guide the international business activities of companies can be described by one of the three orientations to international marketing management. According to Cateora (1996) the concepts are…
**Domestic Market Extension Concept:** When a domestic company wants to extend its domestic products into foreign markets, it is oriented under this concept. It views the domestic operations as primary and international operations as secondary. The primary motive beyond this is to dispose of excessive domestic production. Here, the company seeks those kinds of foreign markets where demand is similar to home market and its domestic products will be acceptable and this extension strategy can be highly profitable. Exporting companies irrespective of size are approaching international marketing from this perspective. Firms adopting this marketing approach are classified as ethnocentric in the EPRG schema.

**Multi-domestic Market Concept:** A company that has a strong sense that country markets are vastly different (depending on the product and consumption) is driven by this multi-domestic market concept. Once a company identifies the importance of oversees market differences and the importance of offshore business to the organization, its international business is oriented by a shift to a multi-domestic marketing strategy. Firms operating with this market concept adapt various kinds of marketing strategies on a country-by-country basis with separate marketing strategies for each country. Here, the company aims for adaptation to local country markets and follows the unique international strategies that suit each market, which requires local marketing input and control. Firms adopting this marketing approach are classified in the EPRG schema as polycentric.

**Global Marketing Concept:** A company guided by this orientation is referred as a global company, its marketing activity is a global marketing and its market coverage is total world. Developing a standardized product of dependable quality which provides efficiencies of scale and which to be sold at a reasonable price to a global market i.e. the same country market set through out the world is the activity mainly characterized by the company under global marketing concept. The firm identifies the world as a whole/intact and develops a global marketing strategy that strives for standardization wherever it is cost and culturally effective. The global marketing company would fit in the region-centric or geo-centric classifications of the EPRG schema.

**2.2.1 Special Problems in International Marketing**

In fact, there is no basic difference between international marketing and domestic marketing, since the principles of marketing are universal, but they differ in respect of
some specific problems or features. International marketing strategy differs from domestic marketing strategy with the differences in a marketing environment. According to Francis Cherunilam (2010) the important problems in the international marketing are…

- **Political and Legal Differences**
  Political and legal framework for foreign markets is different from that of domestic. The complexity generally increases as the number of countries increases in which a company does business. Political and legal environment differs from country to country and province to province. This is one of the challenges for international marketing activities.

- **Cultural Differences**
  Cultural difference is one of the most difficult problems in the international marketing. Many domestic markets are not free from cultural diversity. People are having different cultural backgrounds. The perceptions, values and norms of people will change from culture to culture.

- **Economic Differences**
  The differences in the economic status of the country and people will influence the marketing process. There are vast differences in economic status between developing country and developed country. Thus, a marketer has to carefully examine the economy status before entering into a new market.

- **Currency Unit Differences**
  Currency unit vary from nation to the nation, which causes the problems of currency convertibility also the problems of exchange rate fluctuations.

- **Differences in Language**
  Language is one of the major challenges for an international marketer, which plays a vital role in communication and promotional activities. Either adaptation of universal language like English or adaptation of activities to the respective local language of the country will be helpful for the company to establish.

- **Differences in Marketing Infrastructure**
  The availability of marketing infrastructure differs from country to country. For example, electronic advertising is a significant element in marketing, which is widely available in developed countries and least available in some developing countries.
• **Trade Restrictions**

Import control is one of the serious problems that an international marketer faces. Governments of some countries restrict some products according to rules and regulations.

### 2.2.2 Motives/ Reasons for International Marketing

Figure 2 below represents the motives and reasons for the international marketing. It means, what are the driving factors that contribute to the international marketing activities by the company.

![Figure 2 Reasons for International marketing](source)

(Source: Francis Cherunilam 2010)

### 2.3 Concept of Marketing Strategy

The uniqueness of international marketing comes from the range of unfamiliar circumstances existed in the business and external environment and the variety of strategies are necessary to cope with different levels of uncertainty encountered in the foreign markets (Cateora & Graham 2007:9). Success will be achieved by those organizations that understand their environment and learn to influence its outcomes (Chee & Harris 1993:22).

McCarthy & Perreault (1984) defined marketing strategy as a “big picture” of what a firm will do in some market, made up of two inter-related parts – the marketing mix
and targeted market. Hence, marketing mix and targeted market are the components of marketing strategy. Formulation and implementation of marketing programs is dealt by marketing management to support the perspectives of strategic marketing, referring to marketing strategy of a product/market. Thus, a marketing strategy is developed and formulated at business unit level. Marketing strategy in a given environment, deals essentially with the interplay of three forces known as strategic three C’s: Corporation, customer and competition.

Marketing strategies focus on the ways in which a corporation can differentiate itself effectively from its competitors, capitalizing on its distinctive strengths to deliver better value to its customers. A proper marketing strategy is characterized by a clear market definition, a good match between corporate strengths and needs of the market and superior performance, relative to the competition, in the key success factors of the business.

Marketing strategy with the base of three constituents customer, corporation and competition and must be defined as an endeavor by a corporation to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs in a given environmental setting. Based on the interplay of strategic 3 C’s, formation of marketing strategy requires the following three decisions…

1. *Where to compete:* that is, it requires a definition of the market (For example competing across a market entirely or in one or more market segments).

2. *How to compete:* that is, it requires a means for competing (for example, introducing a new product to meet a customer need or establishing a new position for an existing product).

3. *When to compete:* that is, it requires a timing of market entry (for example, being first in the market or waiting until primary demand is established).
2.3.1 Key Elements of Marketing Strategy Formulation

Figure 3 Elements of marketing strategy

A marketing strategy is the creation of unique and valuable position, involving a different set of activities. Thus, developing a marketing strategy requires choosing activities that are different from rivals. Thus, international marketing strategies are complex and tend to vary widely across nations, industries and firms. The elements that form the ingredients of international marketing strategy are numerous, and their importance is tightly interwoven to contexts. Strategic marketing is best seen as an ongoing and never ending process.

2.4 Continuum of Adaptation

According to Medina and Duffy (1998), the process of adaptation is an “obligatory modification of standards (tangible and/or intangible attributes) of products intended for the country’s inner target market with the aim to make the product suitable for conditions of the environment of foreign markets”. The degree of adaptation differs from country to country and it depends on the need of people preferences towards a product or a service. Though the issue of standardization/adaptation has been analyzed for more than four decades, theoretical basis of this problem is weak (Ryans et al., 2003). Followers of adaptation of marketing mixes proposes that, although the existence of globalization, but the differences of separate countries when evaluating
such dimensions as consumer goods, purchasing power, usage conditions, commercial infrastructure, laws and technological development, culture and traditions are still very distinct, therefore a company marketing strategy should be adapted to them (e.g., Terpstra and Sarathy 2000). Levitt (1960, p.56) states, “It is clear that a company should take actions that stimulate the demand. It should adapt itself according to market requirements, and this should be done sooner or later”.

Adaptation of marketing mix is necessary to satisfy all the kinds of customers. When doing international business, firms need to adapt their marketing mix according to the needs and preferences of the customers in the respective culture to establish in the market. The degree of adaptation differs from culture to culture, because people expectations change according to their cultural attributes and norms.

2.5 Concept of Marketing Mix
Borden claims to be the first person to have used the term “marketing mix” and that it was suggested to him by Culliton’s (1948) description of business executive as “mixer of ingredients”. International marketing consists of controllable and uncontrollable factors (Cateora & Graham 2007:10-14). The controllable factors are those that the manager can manipulate and control. One of the uncontrollable factors is cultural force (Cateora & Graham 2002:8). The international marketers have to comply with macro environmental factors and different laws, cultures and societies while designing their marketing mix. Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy the individual and organizational objectives. Companies
entering into the international market must have to deal with varying economic, social, cultural, political and legal environments, advertising media, and distribution channels. Competition, legal issues, federal controls, weather, fickle consumers, and number of other uncontrollable elements affect the marketing mix of a company. The marketing objectives are achieved when the controllable elements (product, price, promotion and distribution) will be properly molded with the uncontrollable elements of the market place (competition, politics, laws, consumer behavior and culture, technological issues etc.). Even though, the principles of marketing and concepts are applicable universally, but the environment where the marketer is targeting and implementing marketing plans changes from country to country, and there is a need for the company to change the marketing mix respective to the characteristics of the external environment. Mix marketing is using different marketing instruments for achieving the concrete purpose. The various controllable factors of international marketing strategy are mentioned below...

- Product (Product development, Product life cycle, Branding decisions, Packaging decisions)
- Price (Pricing decision, Pricing policies, Factors affecting international pricing, price quotations, Dumping and counter trade)
- Place (Direct selling, indirect selling / Marketing intermediaries)
- Promotion (Advertising, Personal selling, Sales promotion, public relations)
- Branding (Brand image, brand identity, brand loyalty)
- Personal selling (language, communication, customer relations)
- Service orientation (good will, after sales service, time)

**Product**

Product is anything that is offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. A product is both tangible and intangible. A product includes physical objects, services, persons, places, organizations, ideas or mixes of the entities (Kotler 1994). The global markets must see the total product, which includes tangible and intangible.

Product plays a key role in the company’s marketing mix. It is essential for any company to offer a product, which is more beneficial for the customer in order to provide a better service and competitive advantage. Moreover, the product needs to comply with the local laws, customs and governmental restrictions and has to be
compatible with the local culture (Onkvisit & Shaw 2004). Marketing mix will determine the profitability of the business, and product is the element of the marketing mix that is easy to standardize (Hollensen 2001). In the automotive markets, the attributes of the product need to be differentiated according to the tastes, needs and preferences of customers with respect to the color, safety, name etc. Thus, a firm has to decide the degree of adaptation of the product for a specific local market. If they fail to modify their product to specific markets according to requirement, it can be a big problem and can create a huge loss (Douglas and Craige 1995). Things that have to be adapted in a product to local market are design, brand names, packaging, color of the product, etc. (Keegan & Green 1999).

**Pricing**

Price is an integral part of the product. Kotler (1994) defined that price is the amount of money charged for a product or a service and more broadly that price is the sum of all values that customer exchange for the benefits of having or using a product or a service. The study of international pricing helps the international marketer to adapt the price according to the local culture. This adaptation should be based on the purchasing power, economic status of people and competitors prices in the local market.

A foreign company has to consider the local market conditions in deciding price. Company while fixing the price should consider the factors likes people earning capacity, purchasing power, government taxes etc. When the company adapts the price to local conditions, it is a way for the company to have a greater success (Onkvisit & Shaw 2004). A marketing manager has to fix the price depending on the spending capacities of people in the local culture.

**Place / Distribution**

Keegan and Green (1999) defined channels of distribution as “an organized network of agencies and institutions, which in combination perform all the activities required to link procedures with users to accomplish the marketing task”. International companies either can sell directly or indirectly depends on the opportunity in the market. Indirect selling takes place through domestic agents/domestic merchants. Marketing channels can create place, time, form, and information utility for buyers. Place/distribution channels can be explained under two modes…
Direct selling is a situation where the foreign company develops its own overseas marketing department or foreign marketing intermediaries and sells the product in the foreign market.

Indirect selling is the process carried out through marketing intermediaries. In each country, channels of distribution are different, so places are different too. Place of distribution can be company operated outlet, distributors outlet or dealership show rooms etc. Without the help of distribution channels, it is difficult for the company to establish in a local market. A proper dealer who is having sound knowledge about the people of local culture is a profitable element for the company. Customer base, culture and nature of the product are the factors, which will influence the adaptation of distribution channel. Distribution channels are the component of international marketing mix that can be more adapted (Onkvisit & Shaw 2004). This depends on the differences in disposable incomes, purchasing habits and distribution’s infrastructure. The managers have to understand all aspects of the distribution channel, because it contributes to the success of the company (Keegan & Green 1999).

Promotion

Promotion plays a vital role in providing information of the product to the customers. It also creates the desirability of the product among foreign potential buyers. Foreign companies desire to communicate with their marketing intermediaries and potential buyers to ensure favorable sentiment toward themselves and their products. Promotion mix or communication mix of a company consists of the precise combination of advertising, sales promotion, public relations and direct marketing tools that the company uses to create customer value and build customer relationships (Kotler 1994). Promotion is more culture bound than other factors. Hence, the foreign companies must take special care in promoting their product in the host country. Promotion is highly sensitive to the culture and a company needs to create advertisements that work in different countries and cultures or create a different advertisement in each country (Keegan & Schleglmilch 2001). Language, religion, laws, economic differences and media availability can affect promotion. All these factors can create a need of adaptation for advertising messages (Theodosiou & Leonidous 2002). In some countries, advertising can be translated to the local language to grab the attention of the customers. Thus, adapting the promotion means
only little modifications rather than a radical redesign (Douglas & Craige 1995). Adapting the promotion through minor modification is relatively a cost effective strategy, since changing the promotion message is not such an expensive thing to do (Hollensen 2001).

**Branding**

Before understanding branding, it is very important to know what brands are. A brand in general is the thought or reflection of a particular product or service with which a customer perceives. It represents the name, logo, slogan or design of the company or a product. According to (Kapferer 2004; Barney 1991), Brands are shaped by modernization, and determined by new products, as these provide a provisional competitive advantage. More importance has been given on the association between brands and products. There has been limited focus on understanding the modernization process by which brands are shaped (Kapferer 2004). Brand is not about meeting the target market but getting your prediction to see you as only one that provides a solution to the setback. The brand should be able to communicate the message among the customers and should have the following objectives…

- Carry the message noticeably.
- Helps to find out the credibility.
- Links target prospects emotionally.
- Determines genuine user loyalty.

Thus, to get success in branding the company should understand the desire and requirement of the customers belong to a particular culture. Brand is precious and it is difficult to decide the brand name if the company doesn’t spend time on researching. Brand determines the name and attributes of a product or service. The name should be in a meaningful sense to be easily understandable by the people of local culture. Branding on other hand takes place when those thoughts and reflections is marketed and is liked by more and more people, and its attributes are identified with a certain service or product although the same products and services is being offered by many other companies. Circulating specialized works on branding not only creates brand recognition but also builds good reputations and set the standards to which a company should always strive. Branding can create a faith about the company services or
products in the minds of people. It pushes company to bring better products and services to the market place.

**Personal-selling**

Personal selling is defined as a process of intercultural communication by which a seller uncovers and satisfies the needs of a buyer to the mutual, long-term benefit of both parties. The main objective of personal selling is to build a relationship - a partnership - by providing after-sale service to ensure long-term satisfaction. Influence and persuasion are the part of personal selling. Personal selling involves direct communication to explain how an individual’s or firm’s goods, services or idea fit the needs of one or more prospective customers. The different personal selling strategies are…

- Prospecting
- Qualifying
- Presentation
- Objection handling and closing

A company has to adapt the personal selling process according to the customer’s background and culture. People differs from culture to culture, according to that personal selling process has to be changed by the managers of the company.

**Service Mix**

For the firms’ oriented towards manufacturing, customer service is proving to be a source of competitive advantage. The conceptualization of service performance takes place during the process of formulating strategies. To remain as a leading firm in highly competitive market or to create the differentiation, which will enable a challenger to attack and overtake the leader, effective service strategies are required. The marketing approach to customer service encompasses physical distribution customer service, including product services, with a wide range of marketing-related customer services. It can be illustrated as all activities existing to sell the prospect and gain repeat sales. The concepts covered under the concept of marketing service are pre-transaction, transaction and post-transaction elements of customer service. Zeithaml, Berry, and Parasuraman (1993) define service expectations as “beliefs about service delivery that function as standards or reference points against which performance is judged”. Customers in different cultures or countries may have
different levels of service expectations, because culture differs in their patterns of behavior and attitudes. Thus, any corporation that is going international has to adapt service according to the local customer expectations. Companies will reach the customer and satisfy their expectations by crafting the effective service strategy and policy.

2.6 Concept of Culture

In this chapter of the theoretical framework, we have presented the most relevant theory for our study. This phase of theory deals with the element culture, which is having a significant place in the marketing mix decisions. Marketer needs to consider the culture and cultural differences while going to take decisions on marketing mix. The price fixation to the product should be based on the income levels of people in targeted culture and input costs. Cultural differences have a substantial impact on the product, price etc. Certain products have a strong demand in some cultures and poor demand in other cultures. The cultural differences play a key role in sales and profits, thus we consider culture as a significant factor, which a marketer need to consider for success. Understanding the national culture will be helpful to understand the intensity of cultural influence on business. Aspects of national culture have been related to many areas of economics and management, such as foreign investment decisions (Tahir and Larimo 2004), international trade (Pryor 2005). Culture is a group of values, ideas, artifacts and other symbolic meanings that helps in communication between individuals, interprets and evaluate as members of society. Culture comprises of the shared values, assumptions, understandings and goals that are learned from one generation, imposed by the current generation, and passed on to succeeding generations (Deresky 2003).

2.6.1 Culture in Brief

In day-to-day life, every individual action is forced by or at least disciplinal under some set of principles and rules. People use to act and be influenced by the society where they are living and surviving. In general, we often use to speak about the existence of culture, changing of culture and various elements of culture. Culture is all that man learns and acquired by virtue of being a member of a society. Management is an art of getting things done through and with people. This is fact with refer to management science. To achieve this, one has to know the things to be done, and one
has to know the people who have to do them. Understanding the background means understanding the people behavioral attitude that helps to assess their future behavior. Their background has provided them with certain principles called as ‘culture’. The word “culture” is used here in the sense of “the collective programming of the mind which distinguishes the members of one category of people from the another” (Hofstede 2001). The category of people can be a nation, ethnic group, region, a social class, a profession, occupation, an organization, or a type of business.

2.6.2 Culture Defined

The notion of ‘culture’ has multiple and variously inclusive definitions (Kroeber & Kluckhom 1952; Bock 1999). Sometimes the description ‘Culture’ is applied exclusively to what is ‘observable’ or ‘recordable’ (e.g. Lukacs (1971[1922]; Deal and Kennedy, 1982; Crane, 1994; Melville & readings, 1995).

Culture comes from the German word – ‘Kultur’ meaning ‘Growing’. ‘Culture’ in social anthropology means ‘Knowledge’, knowledge of humanity that is learned or acquired but not natural.

Edward Tylor has given one of the oldest and a classical definition of culture, as “Culture is that complex whole, which includes knowledge, belief, art, morals, laws, customs and any other capabilities and habits acquired by man as a member of society”.

Boas popularized “culture” because of group’s responses to environmental conditions and their specific historical development (George 1974).

Hofstede (2001) refers to culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another”.

2.6.3 Culture and International Business

When comes to business perspective, organizations and corporations, which are operating internationally and managing in different markets, should need to consider the culture of the people. Further, adjusting their operations to manage those cultural differences in designing the marketing mix will lead to smooth running and success of the business. Since, individuals are highly influenced by the culture, which they belongs to, the company has to frame a marketing strategy and marketing mix that is suitable to attract local culture. According to past research, national culture has
considerable influence on consumer behavior (Jaishankar 1998). National culture of any country, as outer stimuli, influence on the diffusion of products across countries (Kumar et al. 1998). With the rapid globalization, culture becomes predominantly key strategic issue in the market and for organizations that have to be faced and properly managed. People of each country possess a distinct “national character” (Clark 1990). Thus, organizations need to adapt different strategies for different countries to manage in different cultures, since the individual nature and behavior differs according to culture of that particular country. International marketing is highly influenced by the three components of culture, namely beliefs, values and customs (Usunier 1993). These three components affect the buying behavior and psychology of the individual.

- A belief means a large number of mental and verbal processes that reflect our knowledge and assessment of products and services (Usunier 1993).
- Values are the indicators that consumers use to serve as guides for what is appropriate for behavior of individuals. They tend to be relatively enduring and stable over time and widely accepted by members of a particular market (Usunier 1993). Busch and Houston (1985) proposed that values are enduring beliefs that guide individual behavior in specific circumstances.
- Customs are the modes of individual’s behavior, which constitute culturally approved or acceptable ways of behaving in specific situations. Customs are evident at key events in one’s life like birth, marriage, death, and at key events in the year like Christmas or Easter (Usunier 1993).
2.6.4 Elements & Characteristics of Culture

Culture plays a crucial role in the buying behavior of an individual; it determines the attitude of individuals. Beliefs, values and customs send direct and indirect messages to customers regarding the selection of goods and services, which is a cultural message (Doole and Lowe 2001). The decision process of an individual is affected by his/her respective culture. Companies must adapt their marketing mix that suits their area of operation (Usunier 1993).

(Source: Usunier, 1993)

Figure 5 Elements of culture
2.6.4.1 Eight Characteristics of Culture

The eight characteristics or elements of culture defined by Doole and Lowe (2001) as presented in the figure 6 below, which form a framework for determining culture from an international marketing perspective. For explaining, how the international marketing practices are influenced by these factors, we are going to explain some factors of culture and their influence.

Figure 6 Characteristics of culture
(Source: Doole & Lowe 2001, p.66)

Cultural values are defined as the collective programming of the mind, which distinguishes the members of one human group from another and their respective responses to their environments (Hofstede 1980). Thus, understanding of culture and its characteristics strengthen marketing knowledge, which will be helpful for the marketer in deciding marketing mix. The globalization process impacts mind-sets of executives, extended the geographical reach of firms, and nudged international business (IB) research into some new trajectories. One new trajectory is with national culture. Whereas traditional international business research has been concerned with economic/legal issues and organizational forms and structures, the significance and prominence of national culture – broadly described with values, beliefs, norms, and
behavioral patterns of a national group has become increasingly important during the last two decades, largely as a result of the classic work of Hofstede (1980). National culture has been shown an impact on key business activities, from capital structure (Chui et al., 2002) to group performance (Gibson 1999).

2.7 Cultural Differences

Primarily we defined and interpreted culture, so that it can be easy to understand the impact of culture on marketing mix decisions with the help of different frameworks. We have chosen Hofstede’s dimension model, and Fons Trompenaars dimension model to find out cultural behavior of individuals. We have also considered Hall’s high/low context approach for analyzing the cultural differences and their impact on international marketing decisions, to know the aspects like how people are reacting towards price, product etc. We further explained how corporations are facing and managing the cultural differences while inducing their marketing mix into the market. According to some authors, the usefulness of the concept of culture to explain cultural differences depends on being able to unpack it and identify its components as “Culture is too global a concept to be meaningful as an explanatory variable” (Van de Vijver and Leung 1997: 3; Leung, 1989; Schwartz 1994; Bagozzi, 1994; Samiee and Jeong 1994).

2.8 Cultural Dimension Models

The behavior of an individual is driven by his/her culture. Here, we considered the importance of the cultural dimension models to determine the influence of individual’s cultural attributes and behavior on company’s marketing activities. Culture is a complex concept that cannot be easily described. Culture must be interpreted (Van Peursson, in Evers and Day, 1997). This complexity leads to consider about dimensions of culture. Meta models of culture provide a clear idea of overriding philosophy surrounding the concept of culture, by defining different layers of culture (Hoft, 1996; Masaaki 2002). Cultural models provide a clear view of culture, by identifying a number of cultural dimensions that are used to organize cultural data (Marcus 2004; Marcus and Baumgartner, 2004 B). The use of a limited number of dimensions to compare cultures has anthropological roots.

Cultural models determine patterns of basic issues that have consequences for the functioning of groups and individuals, example: a) relation to authority; b) the
conception of self, including ego identity; and c) primary dilemmas of conflicts and dealing with them (Kluckhom and Strodtbeck 1961; Inkeles 1997). These basic issues can be recognized in Hofstede model (Hofstede 2001; Hofstede and Hofstede 2005), and later have been found in other researches, such as those of Trompenaars (1993), Schwartz (1994), Schwartz and Bilsky (1987), and the recent global study (House et al., 2004).

None of the cultural model was developed for analyzing consumer behavior. The manifestations and determinants of culture those are relevant for consumer behavior have to be selected and interpreted in the dimension models. Dimensions of culture broadly influence human behavior. The pervasiveness makes defining culture difficult (McCort and Malhotra 1993). This difficulty obstructs the culture and its research activity about the influence of culture on the behavior of consumer (Manrai and Manrai 1996; McCort and Malhotra, 1993; Clark 1990; Nasif et al., 1991; Dawar et al., 1996; Lenartowicz and Roth 1999) and has been used to criticize the cross-cultural research (Sekaran 1983). The studies and research on culture are not unified, but a diverse field of study and compassing many different approaches, methods, models and academic perspectives. There are number of models, which illustrate the evaluation systems of cultural aspects. There are some common dimensions for the cultural models such as the concept of time and space, equal rights of men and women and the position of the individual in a society. Several scholars discussed and proposed the choice of dimensions most appropriate for conceptualizing and operationalizing culture (Bond 1987; Clark 1990; Dorfman and Howell 1988; Hofstede 1984, 1991; Inkeles and Levinson, 1969; Keillor and Hult, 1999; Schwartz 1994; Smith et al 1996; Steenkamp, 2001). However, Hofstede’s framework is the most widely used national cultural framework in psychology, sociology, marketing or management studies (Sondergaard 1994; Steenkamp 2001). For this current research, we are considering Hofstede’s and Trompenaars dimension models.

These dimension models will help in determining the attributes of an individual and also helps to understand their effect the activities of the organization in the decision of crafting the marketing strategies, marketing plans and other marketing decisions. For marketers, it is easy to know cultural diversity with the help of dimensions models, which helps to find the better solution while deciding on marketing mix.
2.8.1 Hofstede’s Cultural Dimensions
Geert Hofstede carried out elaborative research from the year 1967 to 1973 and developed a model that tries to capture “Culture” through bias of five values, which are called Cultural dimensions.

- **Power Distance Index (PDI)**
  This dimension explains about the consequences of power inequality and authority relations in the society. It influences hierarchy and dependence relationships in the family and organizational contexts.

- **Individualism – Collectivism**
  This dimension determines the degree to which individuals are integrated and joined together into groups.

- **Masculinity – Femininity**
  Masculinity refers to the roles and values distributions with respect to genders. The women in feminine countries have the same modest, carrying values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men values and women values.

- **Uncertainty Avoidance Index (UAI)**
  This dimension explains about the societies’ tolerance for uncertainty and ambiguity. It is the extent to which people feels threatened by uncertainty and ambiguity and try to avoid these situations. This dimension deals with the need for well-defined rules and principles for prescribed behavior.

- **Long Term orientation versus Short Term orientation**
  To create a nomological framework that is both capable of integrating diverse attitudinal and behavioral empirical phenomena and of providing a basis for hypothesis generation the need for identification of reliable dimensions cultural variation is necessary (Smith et al. 1996: 232).
Figure 7 Hofstede Dimension Model

Though Hofstede used a work-related context and applied his framework to human resources management, it is being used increasingly in business and international marketing studies (Milner et al. 1993; Sondergaard 1994; Engel et al. 1995; Dawar et al. 1996; Sivakumar and Nakata 2001; Sham-karmahesh et al. 2003). These cultural dimensions help to understand the consumer behavior in international marketing.

Here, our area of research is related to India. Thus, we in-depth considered about the cultural aspects of Indian sub-continent. Hofstede found India an extremely high in power distance, slightly collectivist, weak in uncertainty avoidance and moderately masculine.

2.8.2 Trompeenaars Seven Dimensions of Culture

Trompenaars and Hampden-Turner defined a set of seven cultural dimensions, which they referred and proposed as “Seven dimensions of culture” model using an extensive database with over 30000 survey results collected during the course of multiple studies involving questionnaires, which sent to managers in 28 countries. The results of these questionnaires helped to identify the patterns and insight of cultural values and beliefs. Of those seven dimensions, five of the dimensions pertained to ways in which members of the society related to one another, sixth dimension proposed about how societal members relate to their environment and the
last dimension addressed various views about time orientation. We have chosen this seven dimensions theory because, the researches here helps the international marketers by providing insights to avoid culturally based misunderstandings and assisted marketing experts in understanding why consumers in different countries respond differently to the same product and promotional campaign. In their framework, culture differs in specific solutions they choose to problems. Their approach is similar in some respects to Hofstede’s dimensions. The seven, universal dimensions of cultures are…

![Diagram of seven dimensions of culture by Trompenaars & Hampden-Turner](Source: Proven models 2012)

- Universalism versus Pluralism
  
  It is the degree of prominence a culture assigns either to the law or to the personal relationships. The people to Universalistic culture share the belief that general rules, codes, values and standards take precedence over the needs and claims of friends and other close relationships. The people in a pluralistic culture give importance to human friendship and intimate relationships. Though rules do exist in a pluralistic culture, they merely codify how people relate to one another.
• Individualism versus Communitarianism
People see themselves functional more as a community or more according to this dimension. People place the individual before the community in a principally individualistic culture. This represents that giving priority and prominence to the individual, fulfillment and welfare prevails and people take their own initiative and take care of themselves. But in a principally communitarian culture, people place the community before the individuals, which means the individual has to abide the rules and laws framed in the society.

• Specific versus Diffuse
This dimension describes about the degree to which the individuals’ responsibility is specifically assigned or is diffusely accepted. In a specific culture, people concentrate on facts, standards and contracts. The interactions between people are well defined. Nevertheless, in diffusely oriented culture the individual elements are not specific and focused on the perspective of total. All elements are related to one another. Relationships between elements are more important than individual elements.

• Affectivity versus Neutrality
This dimension describes about the degree of intensity of individuals displaying their emotions. People in affective culture display their emotions and it is not deemed necessary to hide their feelings. However, in a neutral culture, people are taught not to display their feelings openly. The emotions are felt but they need to be controlled and the feelings should not be displayed.

• Inner Directed versus Outer Directed
The degree to which individuals believe the environment can be controlled versus believing that the environment controls them. The people in an inner directed culture have a mechanistic view of nature; here people believe that a human can have dominating nature with the effort. Nevertheless, the people in the outer directed culture have an organic view of nature. In their view men is viewed as one of the nature’s forces and should therefore live in harmony with the environment and the people in outer directed culture adopts themselves to external circumstances.

• Achieved Status versus Ascribed Status
The degree to which individuals must prove themselves to receive status versus status simply given to them, here people derive their status from what they have
accomplished. The people in a culture with ascribed status derive their status from birth, age, gender or wealth. Here status is not achieved by accomplishment, but based on the person’s being.

- Sequential Time versus Synchronic Time

This dimension describes about the degree to which individuals perform activities one at a time versus several at once. Cultures have their own influence to time. There are two aspects with respect to time orientation: relative importance cultures assigned to the past, present and the future, and their approach to structuring time. People in the sequential culture structure time sequentially and do things one at a time. However, the people who belong to Synchronic time culture do several activities at once, believing time is flexible and intangible. Thus, the seven dimensions model helps the marketers to understand how customers in different cultures behave differently towards the same product.

We have considered seven dimensional theory of culture proposed by Fons Trompenaars because of dimensions the relativity with the cultural attributes of the individuals in India. Trompenaars found Indians tend to…

- Perceive and consider the organization as more of a system of relationships than a functional system.
- Lean toward particularistic ethics.
- Lean toward individual freedom in decision-making.
- Lean toward individual responsibility.
- Take a more specific than holistic view of the world, and
- Are slightly paternalistic.

2.9 Hall’s High/Low Context Approach

The major cause for difficulties and challenges that encountered in cross-cultural marketing communication evolves from the fact that people from different cultures have different understandings regarding the interaction process and different styles of dialogues. Difficulties or problems that arise in cross-cultural face-to-face encounters may be addressed with a better understanding of communication patterns used by different cultures. Smircich and Calas (1987) claim that culture is generally conceptualized differently, depending on the researchers aim and/or goal of the investigation. Communication can be viewed as “a prescription that indicates what
behavior (interaction) is obligated, preferred or prohibited in a certain context” (Shimanoff 1980:57). The relationship between culture and communication therefore exists in the issue that actors interact by way of communication; a technique used to perpetuate the established patterns of meaning, thinking, feeling and acting (Grahan and Sano 1986; Bavelas, Black, Chovil and Mullet 1990; Djeursaa, 1994; Ting-Toomey and Kurogi 1998).

Anthropologist Edward T. Hall (1976) proposed an approach of high and low contexts as a pattern of understanding the cultural variability and orientations between societies. Hall draws a distinction between cultures, which are characterized by high and low context communication. According to Hall, A High-Context (HC) communication or message is one in which most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicit part of the message. A Low – Context (LC) communication is just the opposite, i.e., the mass of information is vested in the explicit code.

The person in the low context culture depends on oral and written language for meaning and communication. Sender will expects that the receivers will decode the messages to gain a proper meaning. In low context, culture primary purpose of communication is to exchange of information, facts and opinions. Whereas the people in high context culture use and adapt more of the elements surrounding the message to develop their understanding of the message. In high context culture, primary purpose of communication is to form and develop relationships. Hall proposed that all cultures lie on the low to high information processing continuum, although no culture exists exclusively at one or the other end of the scales. Thus, Hall formulated this theoretical model for using the low-or the high-context system is highly related about the actors’ view of space and time with in these cultures. With the help of high and low-context cultures, managers can easily find how much speakers rely on things other than oral communication, which includes words for communication. Cultures, which esteem low-context communication, are more intent to the literal meanings of words than to the context surrounding them. Companies have to adapt their promotion and related strategies in these kinds of cultures.
2.10 Cultural Influence on Marketing Mix

With the process of globalization, business finds new markets for products and services, they transmit cultural messages on how people should talk, dress, think and feel (Chee & Harris 1998). Many businesses are using a standardized product strategy that can serve all global needs. A firm’s competitive advantage can be created through developing an effective marketing mix that suits local market. Multi-national firms are highly oriented towards customer, this sentence is true because consumers of such products are members of a particular cultural groupings and inclinations unrelated with respect to their stages in life. It analyses the reason why marketers have recently turned keen ears to the cultural impact on their marketing activities. Since, people are gratified by the culture, they reveal a tremendous spectrum of diversity in what a society expects of its members. Since, there are variations in needs and marketing opportunities, it follows that the perception and understanding of a people’s culture is important to both marketing scholars and practitioners alike. They need to understand the culture since it provides approved specific goal objectives for any generalized want. Establishing and maintaining an enduring relationship with customers is not an easy task. A major barrier is cultural distance and variations. A lack of knowledge about the cultural differences can create bad and unsuccessful experiences for the firms. Previous research has shown that the ability of a firm to break down cultural barriers and establish close relationships with the partners is a major factor for the success in the international business marketing (Ford 1984). Meanings associated with body language like emotions, greetings, colors, numbers, shapes, sizes and symbols changes considerably across cultures (Pride & Ferrell 1985), and these cultural variations have marketing implications that pertain to product development, personal sales, advertising, packaging and pricing.
2.10.1 Impact of Cultural Differences on Selected Aspects of Marketing.

<table>
<thead>
<tr>
<th>Area of Marketing Mix</th>
<th>Cultural Differences Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer behavior</td>
<td>Consumer values, attitudes and decision making</td>
</tr>
<tr>
<td>Market research</td>
<td>Equivalence and methods in cross-national market surveys</td>
</tr>
<tr>
<td>Overall marketing strategy</td>
<td>Global versus locally produced marketing strategies</td>
</tr>
<tr>
<td>Targeting market segments</td>
<td>Groups of countries or consumers sharing cultural traits</td>
</tr>
<tr>
<td>Defining regional market clusters</td>
<td>Organizing for marketing on a regional bias</td>
</tr>
<tr>
<td>Product policy</td>
<td>Bargaining rituals/ Price quality evaluations/ price strategies towards consumers, competitors and suppliers.</td>
</tr>
<tr>
<td>Distribution channels</td>
<td>Channel style and service, producer-distributor relationships</td>
</tr>
<tr>
<td>Communication</td>
<td>World-views (through language) and communication styles</td>
</tr>
<tr>
<td>Personal selling</td>
<td>Selling styles, sales force management, public relations, bribery and ethical issues in an international context</td>
</tr>
<tr>
<td>Marketing negotiations</td>
<td>Negotiation strategies, processes and outcomes</td>
</tr>
<tr>
<td>National style of Marketing</td>
<td>Attitude, organization, scheduling, role of emotions and friendship, communication and interaction style, etc.</td>
</tr>
</tbody>
</table>

Table. 3 Impact of Culture on International Business

(Source: Usunier 1993)
2.11 Conclusion of Theoretical Framework

We started our theoretical framework by collecting the related theories of international marketing concepts and strategy, which will help in understanding the activities and motives of international marketing and its related decisions. Our research is related to adaptation of controllable variables in marketing mix, to understand these concepts, we have collected the theories of adaptation and marketing mix. In the next part, we have considered the theories of culture and its dimension models, which help to determine the influence of culture on individual’s behavior and also on marketing decisions. To know about the impact of cultural differences on marketing mix decisions, we have presented a theoretical concept with respect to this part as well. With the help of dimension models in theory, we think it is easy to identify the culture and its influence on the individual and as well as on marketing decisions. We have chosen Hofstede’s five-dimension model, which will help in understanding the reactions and attitudes of customers with respect to the marketing mix of a company. Furthermore, we have presented the Trompeenaars model that helps to know the different cultural attributes of the individuals, which will affect the marketing process. These two models help us to prove that there is a link between the marketing mix and cultural aspects. In addition, we considered Hall’s theory of High-Low context culture that helps to understand the communication, promotion and adaptation process of the company in relation to the local culture. Thus, we have considered the relevant theories that will be helpful to accomplish our research work.
3. Research Methodology

*Under this part, we have presented the methodological choices we used during the research process. Beside that the explanation of specific scientific methods and the grounds behind choosing the particular methods are classified. We have covered research philosophy, research approach, research strategy and research design in this chapter and in addition to that, various data collection methods are discussed.*

3.1 Introduction

The selection of the topic was made through a discussion between the authors. We both agreed to do our studies on adaptation of international marketing strategy in the context of Indian culture. For that, we have chosen Volvo cars India for our research. One of the authors is from India, and he knows an employee of Volvo cars in India. We thought studying about Indian culture would be interesting as the country has a vast cultural diversity. We contacted Mr. Sudeep Narayan, head of marketing in Volvo cars India corporate office through telephone and email. He has given us the permission to conduct this research and has ensured to help us.

3.2 Research Strategy

A research strategy is a design of action that gives direction to our work, and helps us in conducting our research systematically. Research studies are based upon two types of strategies i.e. Quantitative and Qualitative strategies (Bryman & Bell 2007). There are some important differences between quantitative and qualitative research strategies. Quantitative research strategy is extensively used in the area of business research. If the data are implied with numbers, and the numbers are analyzed with statistical methods then it is described as quantitative data. Deductive relationship between theory and research is established in this research strategy (Bryman & Bell 2007).

Qualitative research strategy however, differs completely from Quantitative research strategy. If the data is portrayed and interpreted by text, diagrams, this level of research is considered by the qualitative approach (Axinn, W 2006). It aims to get better results through first-hand experience, which is based on the information derived from the available validated environment. Thus, with the validated results and outputs, participants can draw their conclusions for the area of research. Inductive relationship between theory and research is established in this research strategy (Bryman & Bell 2007).
We are not going to use statistical data in our research studies as our case is more related to the qualitative data through interviews with the employees of Volvo India. For our study, we selected qualitative research method, as we are assumed to get more information that is detailed through qualitative method. In addition, the topic of marketing mix and culture are very vast and comprehensive and highly subjective in nature, which varies from country to country. Thus, to understand the differences regarding various cultures, we have considered qualitative research study to investigate.

3.3 Research Design

Research design provides the outlet that grips the research. It is a general plan of a research, which explains the process of answering the research question (Saunders, et al. 2009). Research design is of five types, which are experimental, cross-sectional or social survey, longitudinal, case study and comparative design (Bryman & Bell 2007). In our research work, we have implemented a case study design. Case study facilitates to get the answer for research question with the help of different kinds of supporting facts, facts which is there in the case situation, and which has to be used to get the best possible answers to the research questions. According to Robert K. Yin (1984), case study research method as an experimental evaluation examines a current phenomenon within its real-life context when the boundaries between phenomenon and situation are not evident and in the multiple sources of evidence are used. The case study is an evidence-based empirical approach that focuses on an intense investigation of a single system or a phenomenon in its real-life context (Dattilio 2006; Gilgun 1994; Platt 1992; Yin 1992, 1994, 1999). Through the single case study of “Volvo Corporation”, India we have tried to deliver an in-depth explanation or investigation of the variables needed to adapt in the international marketing strategy in relation to local cultural situation through qualitative data collection and analysis methods. Bryman & Bell (2007) describes that when qualitative research strategy is implicit in case study, it links inductive opinion between theory and research. The case study targeted to create or test a theory in this particular social, cultural and historical setting (Bryar 1999; Riege 2003).
3.4 Case Selection

Our research question is related with the controllable variables in the marketing mix, which are needed to adapt in relation to local culture. For answering the research question regarding adaptation of the marketing mix in the context of local culture, we need to consider any company, which is having its business operations in a foreign market. After doing some research studies, we decided to choose Volvo, a Swedish company, which has its operations in India. We decided to study its marketing strategy and how it is adapting the controllable variables of marketing mix in India. The reason behind opting Volvo Cars India for our research is, because one of the authors is from India who is having the strong knowledge regarding Indian culture and automobile industry. Further, he has some contacts with the Volvo employees. Thus, we thought the contacts would be helpful for gathering primary information from the employees of Volvo, made us select Volvo cars India.

3.5 Data Collection

Collecting data mean gathering the required information relevant to address the research question. The collected data can be divided into two different types: primary and secondary data. If the researcher is going to collect an original data to address the research problem, it is called primary data collection (Bryman & Bell 2007). Primary data are the elements collected by the researchers through the interviews and observations. The data that have been collected already and issued for some other purpose is known as secondary data. The various sources of secondary data includes published materials such as books, journals, articles, organizational reports, and the data collection from organizational websites also unpublished materials like raw data, internal documents (Saunders, et al. 2009). We have chosen both the sources of data collection i.e. primary and secondary source of data to answer our research question.

3.5.1 Data Collection of Secondary Materials

The data that we used in our theoretical framework is constructed on secondary literature source. The secondary data is collected through books, journals and articles. At the beginning of our study, we started to look on the internet for keywords such as culture, marketing mix, adaptation etc., Further, when we are studying in-depth we started to use the basis to search for more specific and detailed information
regarding our research question. Additionally, we have also gone through various published reports, journals and books regarding marketing mix, culture and cultural dimension models.

### 3.5.2 Empirical Data Collection

We started collection of empirical data by going through the official website of Volvo global and Volvo cars India. We collected some general information regarding Volvo’s vision and values and collected primary data through interviews. Valid and reliable data can be collected through interview method (Saunders et al. 2009). The research work on culture is build on a semi-structured interview of an employee of Volvo, India, based on the theory, which we advocated in our theoretical framework. We have used an open-ended questionnaire so that the respondent can express their views independently. The interview questionnaire sent to respondents through email is attached in Appendix 1. The research work and company, which we have chosen for our research is to a different continent, that is India. Thus, we thought email interview is easy and can fit than that of telephonic or face-to face interview.

### 3.5.3 Interviewee

At first when we contacted Volvo, we conveyed our wish to conduct an interview with the employees having experience and awareness regarding the local culture and the marketing strategy of the company. According to Saunders et al. (2009) at the time of conducting the research interviews, importance should be given to respondents having familiarity on the research area. We are extremely fortunate to get a response from Mr. Sudeep Narayan who is head of Marketing and Operations, Volvo cars India. We reached him through email and got the information that helped in our research work.

### 3.6 Quality Criteria

In a qualitative research approach, creating and measuring the significance of research methodology is particularly beneficial. According to Bryman & Bell (2007) there are two main quality criteria engaged to assess the relevancy of qualitative research, which are reliability and validity.

#### 3.6.1 Reliability

Reliability refers to the uniformity or level of unit under which research is initiated. It denotes the extreme level where the data collection techniques and diagnostic procedures provide the consistent results (Saunders et al. 2009). Miles & Huberman
(1994) enlighten that the reliability and consistency of research learning should be steady and sensibly constant for a lengthier period when the same method is applied. However, Bryman & Bell (2007) claim that the qualitative research work is hard and tough to imitate due to the unstructured facts and the clarification is influenced by the subjective knowledge of a researcher. Although, we believe that there is high degree of reliability in our research work. However, the area of research, which we are working, is related to the marketing mix and the most subjective element culture. Thus, if the same research is done in the future after an elongated gap, the reliability of this research might be low as the respondents may change their views according to change in cultural adaptation policies, processes and strategies.

3.6.2 Validity
Validity is concerned with the exactness of the study that will check whether a researcher measured the stuffs, which thought to be measure (Colosi 1997). According to Bryman & Bell (2007), validity can be viewed from internal and external viewpoint. Internal validity processes the association between researcher remark and the theoretical ideas, whereas external validity refers to the degree to which research results can be universal. In our research study, we think internal validity is higher when compared to external validity, since the employee is aware of marketing mix and culture. The external validity can be compared with some other foreign automobile companies. Therefore, we believe this research study can resemble adaptation of marketing strategy in relation to local culture.

3.7 Ethical Consideration
Ethics are one of the crucial issues when we are doing business and management research. While doing business and management research, ethics are the guidelines that should be followed (Bryman & Bell 2007). We have used and applied the qualitative research strategy in our research work. According to Bryman & Bell (2007) ethical rules and principles are to be followed while collecting primary data as they are directly related to the transparency of a research. In addition, the theory used in the theoretical framework is properly referenced. To avoid plagiarism of others research work and writing, we have properly cited our work with complete reference list. From the perspective of ethics, we have provided confidentiality to the respondents.
4. Empirical Findings

This chapter consists of empirical data, which was collected throughout the interviews. All the questions were asked in accordance to the theories and various concepts mentioned earlier in the theory.

4.1 Introduction

The empirical data is mainly based on interview with Mr. Sudeep Narayan, who is head of Marketing and Operations of Volvo cars India, and also he is the director of Public relations. The data have been complimented from the official website of Volvo 2011 and Volvo cars India. In this chapter, we have presented information about general company background and its different strategies related to the controllable variables of the marketing mix in Indian market.

4.2 Company Background

The Volvo car corporation is one of the strongest brands in four-wheeler industry, with a long and proud history of world-leading innovations. Volvo incorporated in the year 1915 as a subsidiary of AB SKF, the Swedish ball bearing manufacturer. In 1924, Assar Gabrielsson and Gustaf Larson, the two founders decided to start construction of a car (Volvo 2011). Volvo Company, officially founded on April 14, 1927, when the first car named OV4 (Jakob) left the factory in Goteborg, Sweden.

The company is now operating in the areas of automotive, construction equipment, marine power, industrial engines and systems, aerospace, financial services, industrial IT and logistics solutions. Today, the Volvo group is one of the world’s leading providers of commercial and passenger transport solutions. Volvo group has about 90,000 employees, production facilities in 19 countries and sales activities, in some 180 countries. Group sales of products and services are conducted through both wholly owned and independent dealers. The global service network handles customer demand for spare parts and other services. Since 1999, the American car manufacturer Ford Motor Company has owned Volvo cars division. Volvo always strives to fulfill customer demand, society’s expectations and the need of future generation (Volvo 2011).
4.3 Corporate Logo

(Source: Volvo 2011)

4.4 Corporate Vision and Values

The Volvo group’s vision is to become the world leader in sustainable transport solutions by

- Creating value for customers in selected segments.
- Pioneering products and services for transport and infrastructure industries.
- Driving quality, safety and environmental care.
- Work with energy, passion and respect for the individual.

The Volvo Company views its corporate culture as a unique asset, since it is difficult to copy by competitors. It has built up over the years by applying and strengthening the expertise and culture. By this they, can achieve their vision (Volvo 2011).

4.4.1 Values

Quality, service and environmental care are the main corporate values of the Volvo group, which are reflected in their product development, actions towards the society and approach to customers and employees (Volvo 2011).

4.5 Volvo in India

Volvo auto India started its operations in the year of 2007-2008 (Volvo cars India 2011). This was a strategic decision taken by Volvo Company, as India offered growth prospects, which were distinct from the rest of the world. The largest customer base with much discerning and also challenging enough for the Volvo group to
carve a niche in the market of India with top- of the- line product lines (Volvo cars India 2011).

4.5.1 Corporate Values of the Company
Volvo Company is committed with different values to serve the community in a dominant way by its different kinds of products and services. Those are...

- **Design**
The model of Scandinavian design, Volvo car is the perfect balance of art and technology. The Volvo company design philosophy is “Good design is not only a matter of styling the surface. It is just as important to make the product easy to understand and use. If the product is not functional it cannot be beautiful”, (Volvo 2011).

- **Environment**
Volvo is implementing an environmental program for promoting eco-safe cars and promoting the campaigns to reduce the CO2 emission by 15 per cent (Volvo 2011).

- **Quality**
Quality is the precision and first element of Volvo’s engineering, craftsmanship of design. It is the fact that, before a car leaves a factory, it will go under seven coats of paint that creates the finest and long lasting ambience and durability. Volvo adapted the testing of cars resistance to accidents with the piece of machinery, which used to test building resistance to earthquakes (Volvo 2011).

- **Safety**
Safety first is a Volvo primary slogan. Every Volvo is the sum total of more than 70 years of focusing on safety. The automatic safety system enabled in the car helps to prevent accidents and reducing injuries to the passengers. Volvo’s Safety range has been designed using information gained from in depth research. "Each product is put through a rigorous development process including crash testing (Volvo 2011)"

4.6 Volvo and Indian Culture
When we asked with Sudeep Narayan about his views on culture of people and its influence on Volvo activities, he claimed his views as follows.

In India, people are more open and highly sensitive towards price. They are friendly, and at the time of business, they become formal. Volvo Company is trying to build a long-term relationship with the people in India.
In India people are different when comes to the target of sale. Physically seeing a product and experiencing it before they buy it will impress them. They need a special attention from the sales person in answering their queries and helping them to understand related to product. More than the product and price, the relationship and communication matters in Indian culture. Maintaining a good and formal relation with the existing customers will helps to find out the prospective customers for future business.

In India, People use their own regional language to communicate, even in the formal business. At the time of sales, the communication plays a major role, because people want to communicate in their local language. Language, attitudes and values are the factors highly influence the negotiation process with Indian people. People in India feel ambiguous about foreign cars and their performance. The buying behavior of people is different from one location to another in India. People in urban areas spend money on foreign cars while people in rural areas feel ambiguous to spend on a foreign car. This spending attitude determines a lot of difference in the buying behavior of people.

When it comes to negotiations, it is difficult to negotiate with some customers, and it is easy to close the sale with some customers. Since, price is a key aspect for the people in India and they think spending on foreign cars is an expensive deal. Though foreign cars offer a wide range of features than domestic cars, people are more concerned towards the economic price and familiarity of the domestic cars and brand. The nature of people in Indian culture is linked up with many elements. They will follow their own friends or relatives advices and experiences when comes to buying a car or a television or even going for a movie. People in India believe that possessing a good premium car is a symbol of status. According to them, higher the price higher will be the status. Thus, for them possessing an expensive car is a status symbol. They are more oriented towards relationships and are more affectivity natured even in business negotiations. Though price is the central component of sale, relationships will play a key role in negotiation process.

People in India are not highly specific towards time and a minor gap of business transaction wont matters for people in India. They can tolerate minor gap delays in delivery and service.
4.7 Marketing Strategy of Volvo Cars in India

Volvo with its product line targeted the segment of high and rich class people in India. The increase in the income levels of the individuals and spending habits of people in India lead Volvo to introduce the different premium products. The major competitors for Volvo are BMW and Mercedes in India. To establish well in Indian market, they released different product lines of luxury sedans to SUV’s, which are finely suitable and adapted for Indian roads.

Volvo mainly concentrated on diesel cars promotion into Indian market, since petrol price is unusually high in India. Sudeep N mentioned that 80% of their cars in India are diesel models.

When it comes to the sales, he mentioned that the company had sold 750 cars until October 2011, and this is going to touch 800 by the end of 2011.

4.8 Volvo Adaptation to Local Culture

Volvo adapted and adjusted many features and activities in India. With the interview, we concluded the key points on what are the changes Volvo made in its marketing mix, from product line to sales mix.

4.8.1 Volvo Products in Indian Auto Market

Volvo is not manufacturing cars in India, the product line in India is importing. In Indian market, Volvo product line comprised of two variants, one is SUV’s and the other is the Sedan segment. Both the product lines are standardized according to Indian roads. With a proper market research and pre-environmental analysis, Volvo adapted a suitable product line for the Indian roads. India, being a highly populated country, which is risky of accidents, Volvo adapted the cars with more than usual safety standards for Indian roads and traffic. Volvo, now in India, presently sells its four premium models – two luxury SUVs, which are Volvo XC90 and XC60 and other two are premium sedans, Volvo S80 and Volvo S60. Both the models are built according to the Bharat stage III and Euro compliance and emission standards. The products XC60 (launched in November 2010), which is a premium luxury SUV that comes with smart ‘city safety’ feature that is extremely useful for a country like India, which is high and slow moving traffic and pedestrian population. The products of Volvo are tested in extreme weather and road conditions before the global
introduction and hence the factors of Indian road conditions and people safety are considered at the time of developing the product.

Moreover, the market research and intelligence team in the company are studying and advising on adding and removing some features according to Indian roads and people. For example, Volvo is building a more comfort chassis for their cars in India due to poor roads also removed a feature called Blind-spot warning in the Indian cars, because of the way Indian traffic behaves. Volvo auto India believes competition is essential to bring out the best performance. Major competitors or rivalries for Volvo cars in India are BMW, Mercedes Benz and Audi. Volvo auto India plans to launch stripped-down variants of some of its models to boost sales in an economy where rivals BMW, Audi and Mercedes are upswing in luxury car sales. With its product line, Volvo is focusing on the upper-middle class and rich segment. People in India are fond of listening to music while driving, for this reason Volvo added music equipment on all its cars selling in India.

**4.8.2 Volvo Pricing in Indian Auto Market**

According to the information collected from Mr. Sudeep Narayan, in India Volvo is operating in luxury car segment and the import duty in India is 110 percent, which makes unviable to make the models price competitive.

<table>
<thead>
<tr>
<th>Product</th>
<th>Volvo S80</th>
<th>Volvo S60</th>
<th>Volvo XC90</th>
<th>Volvo XC60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price (In 1000’s)</td>
<td>4360 INR</td>
<td>3400 INR</td>
<td>5200 INR</td>
<td>4075 INR</td>
</tr>
</tbody>
</table>

Table. 4 Volvos pricing in India

(Source: Volvo cars India 2011)

Since Volvo is competing with brands like Audi and Mercedes, the price line is also similar with those models. There cannot be any standardized on-road pricing anywhere or with any company because there are taxes/custom duties, which vary from country to country. However, the cars in a particular home country have standard price. Volvo is operating in the luxury segment because the company offering has the technology and quality that would command a premium pricing.

However, Volvo has a brand image for quality and technology of its products, and it is for the reason that the prices are high. The company is working on the innovation
of economic car. The pricing depends on the variety of factors like distributors share, storage costs.

### 4.8.3 Volvo Distribution in Indian Auto Market

Volvo India corporate office is in Gurgaon, Haryana state of India. It is operating its marketing and distribution activities through seven dealers across the country, located in the cities of Chandigarh, Coimbatore, Delhi, Hyderabad, Kochi, Mumbai and Pune. Apart from that, the company planned to open five more dealership by the end of the first quarter in 2012. The new dealerships will be in Jaipur, Chennai, Bangalore, Kolkata and Ahmedabad.

Selection of the dealers will be done through the brief assessment about the dealer interest towards the business. The issues like remuneration, responsibilities, activities and tasks of the dealers are fixed before selecting a dealer. These dealers are acting like intermediaries between customers and the company. A dealer helps the customers by answering to the questions, providing information about the products and their prices, managing relationships, arranging test drives and keeping the customer up to date with the information.

Business activities like maintaining the warehouse for storing the cars to meet with the fluctuating demands in the market is the key activity carried out by the dealer. The other main activities of dealer are providing service after sales, providing the spare parts in time, reminding for service to customers. These activities performed by the dealers made them a strong base for the company. Volvo believes that the effective distribution system is one of the key successful factors, which helps to succeed the business.

Selection of the distributor is done on the basis of the factors like geographical locations/place where the dealer is located and the dealer’s control over that particular area. The language is a main barrier for performing the business activities in India. The familiarity about the issues like language, people and the customs are also considered while choosing the distributor. The compensation to the distributor is in the form of percentage based on their sales and performance.
4.8.4 Volvo Promotion in Indian Auto Market

Promotion is one of the important controllable factors that need to be adapted by the company while operating in a sensitive market like India. Volvo by maintaining the proper communication is reaching the customers and satisfying their needs. The activities of promotional mix like advertising, public relations, personal sales and promoting the sales is the responsibility of the dealers employed by Volvo in different locations. 

He explained the role of dealers who are managing promotion mix all over India. The dealer appoints the local people in the place of sales executives who are aware of local region and culture and also capable to effectively communicate with the people. 

Volvo’s adaptation of marketing tools can be summarized below:

**Advertising:**
Volvo’s advertising activities in India is usually done through magazines, newspapers and by using the media such as television, Internet, billboards. Volvo is concentrating on advertising through newspaper and telephone calling, because people in India depends more on the newspaper for the information.

**Sales Promotion:**
Volvo is promoting sales with the help of dealers located in the different locations. Volvo’s promotion in India is different when compared to other places, because of existence of people from different cultural backgrounds. Volvo is offering various kinds of offers to the people at the time of festivals and auspicious occasions. In India, people have the tendency to buy new products at the time of festivals and auspicious occasions. On the basis of this, to promote the products, Volvo is offering some special discounts at the time of festivals.

**Public Relations:** In India, maintain the good relation is one of the key factors. It helps to sell the product by leading to smooth negotiation. Maintaining the relations is the responsibility of the sales people employed by the dealers of the company. Volvo is providing the special training to the sales people to develop their selling and negotiation skills.

Company believes that maintaining the good relations will helps to increase the customer base and also helps to promote the brand image. Thus, the staff often
contacts customers through email and telephone to establish a better communication cycle. Since, people in India are very sensitive towards relations.

4.8.5 Volvo Branding in Indian Auto Market

Volvo cars are having a reputed brand image in the minds of people in India. The cause of brand image is because of the Volvo’s luxury buses, which entered India prior to Volvo cars. This helps the cars segment as a base to establish the brand identity in the Indian market and also helped Volvo cars division to build a strong relationship among people in India. It became stronger in Indian market by launching various promotional schemes and campaigns. Further, the advertisement through media such as Internet and newspaper helped to create awareness in the minds of people in India. Volvo also believes that building a strong relationship with the people is highly essential for creating the brand image. Volvo hired the local employees who can communicate better with the customers and can effectively answer the customer queries. Volvo gained a considerable attention from its cameo roles in the movie 3 idiots, a blockbuster movie in Bollywood, and they are planning to add on more big screens. The Volvo Ocean Race activity using by the company also helps Volvo to create brand awareness in India.

4.8.6 Volvo Personal Selling Process in India

Volvo believes that personal selling is the basis for good negotiation and helps to create a long-term relationship with the people. Indians are extremely sensitive towards generosity and hospitality. Sales personnel in the Volvo are responsible for the personal selling process. Sales managers will respond according to the needs and requirements of the customers. Personal selling is the main responsibility of front office sales executives who are employed by the dealers of the company. Various personal selling activities in are explaining the customers about the product and its features, negotiation, after-sales service and getting feedback from customers about their experience towards product and service. To obtain a good reputation and identity in the Indian market, Volvo adapted the effective personal selling process through employing the right personnel and training them.

4.8.7 Volvo After-Sales Service in India

Indian people are highly oriented towards service quality and service costs and they are more concerned with service packages, which the company offers to them. In
addition to that, people are more ambiguous and uncertain about the service and spare parts cost of the foreign cars. By considering this issue, Volvo is always conscientious to provide better and quality service to customers. Dealers are responsible for the service after sales. The responsibilities of the dealers under the service are informing the customers about service schedule and costs. In India, Volvo is providing the service package of five free services.

**4.9 Overall Comments**

We found the information on Volvo adaptation and adjustment of activities in relation to the needs of local people. Apart from this information, we have collected the information about various strategies, which Volvo us using in its promotion and sales in Indian market. We got the information about the Volvo cars degree of adaptation of various controllable variables in relation to people of Indian culture. In addition, we have got the information on selling and negotiation process with individuals and how the people attitudes and behavior are influencing the Volvo business activities and also we came to know how the people needs and culture is forcing the Volvo company to adapt the marketing mix. The various cultural factors influencing each controllable variable of marketing mix can be assessed with the help of empirical information.
5. Analysis

In this chapter, we are going to analyze our empirical findings. We are going to investigate if our results correspond to our theoretical facts.

5.1 Influence of Culture on Volvo Cars Company in India

Cultural differences are conventional or established patterns of doing things that include attitudes toward foreign products. The literature indicates that a major consideration in the adaptation decision includes the strength of cultural/social customs and taboos (Ayal and Ziff 1979; Hitt, Keats, & DeMarie, 1998; Jain 1989; Keegan 1969; Nakata and Sivakumar 1996; Quelch and Hoff 1986). Marketing mix elements and adaptation are highly influenced by the culture and its characteristics. Champy (1997) suggests that companies should assess cultural and ethical differences of markets, according to Elimimian (1997), marketing activities and solutions at global level are made also under the influence of a certain culture, therefore sensitivity towards cultural differences should be evaluated when making decisions for the global market. Proposed theory by Usunier (1993), it is observed that cultural differences have a significant impact on the different areas of marketing activities. The key controllable variables in the marketing mix like personal selling process, promotion and distribution, pricing strategy, marketing decision-making are highly influenced by culture. Since people in different cultural backgrounds perceive the meanings in different ways, a corporation needs to adjust the aspects of marketing mix in order to satisfy all the kinds of customers. The recognition of the influence of culture on consumer behaviors has led to an increasing amount of research across cultures (Sojka and Tansuhaj 1995). In India, culture is one of the crucial and influencing factors a marketer need to consider while performing business activities. To succeed in the Indian market, the company has to respect and treat the culture and its differences by rendering the suitable services. Thus, Volvo adapted its various controllable factors in its marketing mix in the formulation of marketing strategy. This adaptation process helps the Volvo to adjust with the differences in the culture and its responsive behavior of individual. Researchers found the differences in the various aspects like brand loyalty (Saegert et al. 1985), decision-making (Doran 1994), novelty seeking and perceived risk (Gentry et al. 1988) across subcultures. Volvo cars India adjusted various aspects, starting from introducing the suitable
product line, promotion, price and market communication. Company changed its strategy of personal selling and negotiation process in accordance with the people and culture. This adaptation process helps the Volvo Company to establish the proper customer relationships in India. To sustain and establish in the operating market, the business need to develop long-term relationships with the people. Long-term relationships are more crucial for the company than sales, as personal relationships can be longer lasting than product or brand loyalties (Gummesson 1987). Volvo is driven by multi-domestic market concept in EPRG schema, where the company is following the unique marketing strategy that is suitable for operating market. Volvo pre-studied and identified the people views and responses towards all these factors and adapted their marketing strategy in India according to satisfy their needs and preferences. The company has also adapted a unique marketing strategy with the concept of local marketing input and control, which suits Indian culture. Since, culture has a strong influence on different activities like pricing, designing the product, and selection of distribution channels, people perceptions about brand, service expectations and personal selling.

We analyzed the findings by relating it to theory. We first compared and tried to relate overall controllable factors of marketing mix with the different dimensions of culture and we tried to find out what are the attributes and characteristics of culture influencing the adaptation of controllable variables in the marketing mix. This helped us to find out the relativity of culture and its impact on controllable variables in the marketing mix. We have tried to explain the process of adaptation of each controllable variable in the marketing strategy by relating it to cultural dimensions.

5.2 Adaptation of Controllable Variables & Local Culture

As discussed in the theory of chapter 2 in this research, it is necessary for any corporation to adapt its marketing strategy and mix according to targeted segment of customer needs and preferences. Market factors will highly influence the adaptation of marketing mix. Market factors are market specific environments or circumstances associated with the adaptation of marketing mix. Market factors consist of cultural differences, consumer preferences, purchasing habits of consumers, product use conditions and level of competition (Kotabe 1998). Corporation should consider culture while planning its marketing activities. Volvo adapted all its controllable
variables in the marketing mix to establish its presence in Indian market. With the increasing demand of foreign cars in India and raising income level, lead Volvo to adapt its marketing mix to be consistent with the Indian culture. Marketing mix is the mix of the components of all the variables, which a company needs to adapt. From product to service mix, Volvo adapted all its marketing mix variables according to demands of Indian people. To adapt the marketing mix variables according to local culture, primarily understanding the culture and its characteristics is necessary.

People’s attitude and behavior in any country depends on the culture they belong to. The same applies to the business norms and activities too. From the theories, which we have collected, it is concluded that culture has a major impact on each aspect of the marketing process from crafting a strategy to designing the marketing mix. Culture also influences the buying behavior and spending attitudes of the people. As, people in India are driven by cultural force and are sensitive towards the cultural norms and values.

As we have explained in the theoretical framework, continuum of adaptation by Doole & Lowe, (2004), pricing is the primary element to adapt and product is the last element, and product occurs to be the most difficult element in the marketing strategy to adapt. However, as if the other controllable factors in the marketing mix that need to adapt, pricing policy, distribution, and promotion are most easily adapted to a specific culture (Onkvisit & Shaw 2004; Douglas & Craige 1995). Thus, Volvo Company adapted all the controllable variables in its marketing strategy and plans according to local culture in order to sustain properly in a targeted market. However, the degree of adaptation differs from one variable to another.

5.2.1 Adaptation of Product

Product is a tangible element, which grabs the attention of the customers. It should be adapted according to the needs and preferences of the customer. Adaptation of product helps to strengthen competitive positions and can create core competence to the company (Hill & Still, 1984) and help corporations respond to segments that demand unique treatment (Simmonds 1985). In the same way, Volvo adapted its product line in India. Satisfying customer requirements with the suitable product lines requires careful consideration of local market differences such as physical environment, the stage of economic development, cultural characteristics, stage of the product life cycle, competition, distribution channels, advertising media, restrictions
and legal rules and balance between local autonomy and central co-ordination (Buzzell 1968; Kotabe 1998). From the empirical information we gathered, Volvo’s launched XC60 (launched in November, 2010), which is a luxury SUV in the Volvo product line. It offers a smart ‘City safety’ feature that is extremely useful and beneficial for people in the country like India. Since, India has high and slow moving pedestrian population on roads. To adapt the products to the standards and regulations of a specific country as well as to satisfy tastes and preferences of the customers, a company has to change its products and services (Ayal and Ziff 1979). Volvo introduced a more comfort chassis in their product line to resist the bad roads in India, and removed the blind-spot warning in all the versions of Volvo cars because of the irregularity in the Indian traffic behavior. In addition to these, company introduced the changes like roof-mounted air-conditioning system and six-compact disc changer.

When it comes to the aspect of culture, Volvo introduced different new colors in their product line based on the tastes and preferences of the people. People in India, because of their uncertainty nature are oriented towards tangibility and experiencing the product. It means before buying a new car they want to experience the product and also because of their affectivity nature, they will listen to their friends and relatives experience towards the product. Volvo helps the customers by letting them experience the product before they are going to take a decision to buy. Sales personnel in the Volvo are responsible for treating the prospective customers. In India, possession of the car is a status symbol for individuals. The dimension of achieved the status versus ascribed status in Trompeenars model can be applicable for people in India, who try to achieve status by possessing and maintaining the luxury car. Although the evidence suggests that product adaptation is limited comparative to other areas of the marketing mix, corporations still should be conscious of the differences in the market and to local and national differences and ways of performing things differently or better in return for sustained competitive advantage (Kotabe 1998; Levitt 1993).

The sale of the product also depends upon the existing customers experiences and usage, people in India are collectively together at the time of sharing the user experience and gives importance to the advices of existing customers. The existing user experience has an impact on the buying behavior of prospective customers. Thus, Volvo adapted its product line by making several changes in the product line, which
suits the Indian people and their preferences. Adaptation of product for different worldwide segments also influences the other non-product elements of the marketing mix (Boudreau et al., 1998; Peebles, Ryans, & Vernon 1978; Samiee & Roth, 1992). Products need to be adapted based on the customer requirements and preferences. Products and services that are culturally compatible with the society in which they are marketed are more likely to succeed than products that are less culturally compatible (Britt 1974; Douglas & Urban 1977; Hofstede 1983; Jain 1989; Kanter & Dretler 1998; Keegan 1969; Kotabe; 1998).

5.2.2 Adaptation of Price

People in India are highly sensitive towards price. Mandatory price adaptation can be needed to comply with local marketplace realities such as government regulations and legislation, customization of international pricing strategy should involve a thorough analysis of these and other differences between home and host markets (Hill & Still 1984a). The examination and assessment of overseas customer characteristics and buying behavior is essential in selecting an appropriate pricing strategy for a specific foreign market (Theodosiou & Katsikeas 2001). Volvo adopted a fair pricing strategy according to government rules, competitor prices and purchasing power of people. There are many factors that influence in the decision of pricing. Volvo, being a company that is producing luxury segment of cars with extra ordinary facilities and updated technology, the Volvo cars are expensive when compared to other domestic cars, to be spent by an individual who falls under the category of middle level income. Since, customer is the first factor to be considered by any company when deciding on fixation of price, because pricing policy and prices of the product should match with the purchasing power and incomes of the people in that culture. Managers have to establish price depending on foreign customers’ revenues (Keegan and Green 1999). With its luxury line of product offering, the Volvo Company targeted high-income level segments. The second factor while deciding price is competition. We came to know from the empirical data that Volvo’s leading competitors in Indian auto market are Mercedes Benz, BMW and Audi. Volvo looks into the prices of these competitors while deciding on pricing policies. Local regulations and competitive situations can be such that business units have little control over product pricing in foreign markets (Zou and Cavusgil 2002). The third factor is additional costs like warehousing, transportation, and raw material costs. These costs have a direct impact
on fixation of the price. International marketers can attempt to control costs through selective use of supply sources whose cost basis can differ due to variations in production costs, tariffs and transportation costs (Yavas, Verhage, & Green 1992). Apart from these factors, Volvo is following the government regulations, duties and tariffs while deciding on pricing policy. At present, Volvo doesn’t have an economic car in its product line that helps to target this segment of people. Prices will vary according to the dealers, because of transportation costs, handling costs and warehouse expenses. Thus, adaptation of prices helps Volvo Cars Company to establish its presence in the luxury car segment of India. People in India are more sensitive towards price, dealers to attract the people, are offering various kinds of discounts and rebates.

Although the fluctuations of prices in the automotive market are very less, Volvo adapted its pricing strategy according to competitor prices. People in India are less specific towards products, and more specific towards price. So, Volvo adapted a unique pricing strategy to attract people. People in India think that possession of costliest and foreign manufactured car is a status symbol. Volvo priced its car with tuned features and luxury, which determines the more cost of its product line to target the higher-income level segment. Company offers a price discounts at the time of festivals and auspicious days to target the people from different cultures.

5.2.3 Adaptation of Place/ Distribution Channel

Volvo is distributing its product line across the country with the help of seven dealers who are located in different cities in India to target various locations. From the continuum of Doole and Lowe (2004) presented in our theory, distribution is one of the controllable variables in the marketing strategy that need to be more adaptable. Distribution channels have to be adjusted to the culture in the country and existing channels in it (Kale and McIntyre 1991). When it comes to the aspect of distribution, Hofstede theory of individualism is applicable. One Individual is offered and provided with the dealership, whose decision will lead to effective distribution system. Volvo believes that strong distribution & dealership base is a factor for sustainability and profitability. Since, dealers are handling many operations from sales to service after sales. Maintaining a good distribution system helps the company to create a brand image in the minds of people. Volvo adapted its strategy towards dealers by providing a good margins and benefits, since people in India are more formal at the time of
business transactions and profit oriented.

India, being a multi-cultural and multi-linguistic country, each state has its own language. Volvo adapted the distributors who are having good communication skills and aware local language, which helps in managing the local customers. Volvo adopted the policy of indirect selling method by choosing the dealerships, because of many reasons. It is difficult to manage all the customers of different cultures and backgrounds, if Volvo uses the direct selling method and also it is expensive for the company to manage in the distant geographical locations. Thus, Volvo employed the indirect selling process through the seven dealerships across the various cities of country.

The dealers are intermediaries between the people and company. They can handle several key operations. Each state of India is having its own language and culture. Having the dealership in different states is helping Volvo to cope up with all kinds of customers. Dealers are employing the personnel who are aware of local language, customs and people attitude. This helps in easily prospecting the future customers and helps in maintaining effective relationships.

5.2.4 Adaptation of Promotion

Adaptation may not be necessary only for products and price, but also for marketing and communication programs (Ayal & Ziff 1979). Promotional activities are culturally driven (Karande, Almurshidee, & Al-Olayan 2006), making it adaptation necessary in international markets. From the continuum of Doole and Lowe (2004) presented in our theory, Volvo’s promotional activities and process can be compared with Hall’s high and low context theory. Since, people in India will give more importance to social and personal relationships, Volvo adapted its promotional strategy to promote its product by maintaining relationships by using different promotional tools. Promotion is one of the controllable factors that can be highly adaptable in international markets. The adaptation of promotion includes the activities like adaptation of product positioning, brand names, packaging messages, and sales promotions can be prompted by competitive pressures in export markets (Cavusgil & Zou 1994). Promotional strategy has to be changed according to cultural differences. Since India is culturally diversified, Volvo adapted its promotional strategy to target and focus the people of all the cultures. According to, Theodosiou & Leonidous (2002) promotion can be affected by religion. India, being a
religiously diversified country and each religion has its own different norms and values, Volvo adapted its promotional strategy that suits the existed religions. For example, translating the advertisements to local language and customs to make the people understand easily is one of the adaptations in promotion. Employing the personnel who are aware of people tastes and preferences in the specific location etc. are the changes followed by the company. Volvo is also adapting various promotional schemes. Various aspects of advertising and promotion, which includes the nature of customers’ buying behavior, language and market segment, also play a role in extent to which the adaptation is needed (Powers & Loyka 2007). People in India are more attached to customs, values and religious norms. They have the habit of buying a new asset or a thing at the time of festivals and on auspicious days. Volvo adapted different promotional schemes like offering some discounts at the time of festivals to promote.

Language is a key variable that need to be considered in promotion, which Volvo is considering in its promotional activities, because each state in India has its own unique language, it should be adapted. Thus, the company adapted and modified the promotional strategy by using the respective state’s local language in advertising and promoting. Adaptation is not only with the language but also respective to norms, values, behavior, customs and understanding differs from state to state, Which are influencing aspects in promoting a product.

We found from the theory that people in India belongs to high-context cultures. They are more tended towards visual signs and displays. Volvo adapted its promotional strategy by displaying of advertisements publicly, promotional events etc. to attract public. Apart from these, Volvo is also focusing on improving its promotional activities by training the sales professionals to fit to manage the particular kinds of people, also through conducting promotional campaigns.

5.2.5 Adaptation of Brand

People in India are affective towards brands. There is a general agreement among experts that influence of socio-cultural factors is high on personality and general behavior of people in India is very strong (Shivani et al., 2006). For marketing a brand, cultural dimensions play a significant role to formulate imagery about the brand and help marketer to communicate better. By greater effort companies
understand the uniqueness of Indian national language and other regional languages, and try to fix a brand name and communication message that fits perfectly within the setting of cultural dimension. Volvo cars company is having a good brand identity in India. Volvo brand is well known and popular for its luxury and safety busses in India. People are aware of Volvo busses, this brand awareness and identity helped Volvo cars to easily establish in the Indian automotive market. The reputation of the company, performances of product/service and customer portfolio is the components that need to be considered by the managers while positioning the brand. The quality and unique features held by Volvo cars from its competitors helped the company to create a separate brand identity in the Indian auto market. A commercial cross-cultural study of brand value (Crocus 2004, in De Mooij 2010) proposed that brand characteristic like ‘friendly’ is most attributed towards strong global brands in high uncertainty avoidance and low power distance cultures. Prestigious is a characteristic attributed to global brands in high power distance cultures, and trust-worthy is most attributed to strong brands in high uncertainty avoidance cultures.

In the mass car market, consumers generally be aware many brands and have some idea or thoughts about what they stand for. In the mass luxury and premium car market, Mercedes is the reference brand, which defines elaborate status for senior executives and entrepreneurs. In a similar manner, Volvo brand and cars defines status, safety and luxury provisions. Volvo created a brand image and identity wit its premium features. The specific nature of Indian people towards the brand helped the Volvo to increase its market share. The possessing of Volvo car by an individual is a symbol of status, which will attain through the cars brand image. As brands have became the focal point of many a company’s marketing strengths and are seen as a source of market power, competitive leverage and higher returns (Dawar 2004). Thus, Volvo is creating its brand image by various promotional activities. The degree to customization of brand image by manager varies with the dimensions of individualism and uncertainty avoidance (Roth 1995).

5.2.6 Adaptation of Personal Selling

Personal selling plays a key role in business expansion and sales promotion. Personal selling should be in that way to satisfy the needs, tastes and preferences of the customers. People in Indian culture are more prioritized towards relationships, and they are emotionally attached. Volvo adapted effective personal selling by
employing the sales people in the outlets who are capable of maintaining relations with the customers. Effective Personal selling strategy is helping Volvo in building a long lasting and strong relationship with the customers of different cultures. When it comes to culture and personal selling, Volvo adapted the personal selling by employing the executives who are aware of the local language people buying behavior and customs of that culture. Personal selling process includes the communication where language plays a main role. In addition, people in India are more oriented towards affectivity, maintaining proper relation will help in prospects of future business. The seven dealers who are located in different states are responsible for the personal selling process. According to Usunier (1996) cultural differences influence on different elements of personal selling like selling styles, sales force management, public relations, bribery and ethical issues.

The dealer’s task of personal selling not only includes the sales but also reminding the customers about the service, providing the required information to customers, informing customers about the other existing benefits etc. are included. Identifying the customer needs is the primary aspect of personal selling and establishing the long lasting relationship with the customer is the basic task of a sales manager in Volvo. According to the dimension of individualism and collectivism proposed by Hofstede (1980), customers are collective in Indian culture, where there is a possibility of existing customer recommending to other prospective customer.

Thus, Volvo’s effective personal selling is creating the base to reach the customer. Adaptive personal selling requires that sales personnel changes their “sales behaviors during a customer interactions based on perceived information about the nature of selling situation” (Weitz, Sujan, and Sujan 1986, p. 175). Sales managers are careful in considering the cultural differences and acting according to them. Volvo also adapted its personal selling strategy according to gender differences in Indian culture. Since Indian culture is moderately masculine, the personal selling must be in a suitable and different way to treat the men and women customers. Sales personnel proficient at adaptive selling are able to detect differences in the customers they serve and adapt their selling strategies based on these differences (Spiro and Weitz 1990).

5.2.7 Adaptation of Service

Initiating and improving close relationships with precious customers have been accepted as a strategic necessity for service firms (Morgan and Hunt 1994;
Companies in today’s global arena are oriented towards providing service and hence there is a need of shift from selling a product to valuing services and managing customer relationships. Volvo is providing service to people in India through its seven dealers.

When it comes to culture of India, knowing local language is the pre-required terms for Volvo service team. Assisting customers to take a better decision orients Service activities and working as an agent who solves customers’ problems and satisfies their needs, service providers have power over their customers (Emerson 1962). According to Hofstede (1980) India is a country with high power distance. People of high power distance culture would respect the service providers and think the providers work is beyond their grasp.

Because of their tolerance in accepting inequalities and differences in power, they are likely to set a low level of service quality expectations. Thus, people in India being in high power distance, having lower service quality expectations than low power distance customers. However, Volvo is providing its service to customers in a better way to satisfy all its customers. The dimension of uncertainty avoidance also has an impact on service quality expectations. People in India are very low with uncertainty avoidance. The two sources of uncertainty are risk and ambiguity. The people in low uncertainty avoidance are more accepting of uncertainty and embracing risk (Nakata and Sivakumar 1996). To provide the better service to customers without fail and not making them to feel ambiguous or uncertain, Volvo adapted its service strategy in a way to provide optimum service to reach the customer expectations of service.

Beside that, people in India while buying a new car first see the servicing schemes that are being offered by the company and availability of service outlets in various different locations. These two factors are the prerequisites for Indian people before they buy a new car. It is because of avoiding the service troubles. Thus, Volvo established service outlets in different geographical locations.

Establishment of flexible servicing centers at different places is much essential in a country like India as every state is geographically large. People feel uncertain about the service, if they do not find the flexible place for servicing. To overcome these difficulties Volvo is planning to open additional five different dealerships in different places to facilitate more convenient service to customers.
5.3 Influence of Culture on Controllable Variables in Marketing Mix

We constructed the following table that helps to identify the relativity between the cultural characteristics and their influence on controllable variables of marketing mix.

<table>
<thead>
<tr>
<th>Variables Characteristics</th>
<th>Product</th>
<th>Price</th>
<th>Promotion</th>
<th>Distribution</th>
<th>Brand</th>
<th>Personal selling</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Values and Attitudes</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Education</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Technology &amp; Material culture</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Laws and Politics</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

[✓ = Yes, ✗ = No] Table. 5 Relativity between controllable variables and Culture

The table 5 above helps to understand the influence of various cultural characteristics on the company’s adaptation of controllable variables. As we came to know from the theory in our research and empirical findings, the adaptation of product is influenced by all the cultural attributes of individual except the religion. Since people in all religions will use the automobile product for the same purpose, that is for travelling. The modifications for the product are facilitated by the tastes and preferences of the individual in the respective culture. Culture forces the optional change in product adaptation. Changes in products across international markets usually falls under two categories: mandatory changes and optional changes (Hill & Still, 1984a). To suggest on product adaptation, there is specific evidence of markets that culturally more differentiate require a greater number of changes than the culturally more similar target countries (Viswanathan & Dickson 2007). Thus Volvo adapted its product with many new features according to the people requirement, tastes and preferences in India.
Adaptation of price depends on the values and attitudes, education of people and government regulations in the country. Since people in India are more determined and affective towards price, it is necessary for the company to adapt the price according to incomes of local people and their earnings. However, in India Volvo’s products falls under the category of luxury segment, where the cars claims higher price. The characteristics that are not influencing the prices are religion and material culture.

Adaptation of promotional activities is influenced by all the elements of culture. Volvo adapted the unique promotional strategy, which is suitable to target the people in India.

The adaptation of distribution is influenced by the cultural attributes of an individual like religion, values and attitudes, education and law. Distribution channels are offered to the people who are capable of handling the customers effectively and the persons who are fit to work with the company.

Brand is influenced by all the cultural attributes of an individual except religion, since brand is related with possession and status of an individual. Personal selling is influenced by cultural attributes like religions norms, values and attitudes. Volvo adapted effective personal selling strategies to deal with all kinds of customers in different cultures. The adaptation of service is influenced by the cultural attributes like values and attitudes, education and legal rules. Religion is not influencing the service, since people in all religions expects a good service from the company.
6. Final Discussions and Recommendations

*In this chapter we have presented our views and conclusions of the research carried out. We also presented recommendations based on the analysis.*

### 6.1 Final Discussion

The results of this research provide empirical evidence that how company is adjusted for local conditions prevailed by culture. The analysis that we have done corresponds with the comparison of theory and empirical data. The table 5 in our analysis shows the relativity between cultural elements and controllable variables in the marketing mix that need to adapt. Volvo entered India by finding vast business opportunities. The factors like increasing growth rate of Indian economy and people incomes, which lead to increasing demand for the premium luxury cars made Volvo to enter India. India, being a developing and most populated country, there exist different cultures and people of various cultural backgrounds. For a corporation to succeed in any specific market, it has to satisfy the needs of the customers.

![Figure 9 Culture and Controllable Variables of Marketing Mix](image)

Figure 9, which we have constructed above, can be used to summarize our conclusions. This model depicts that all the controllable variables in marketing mix of a company are influenced by the culture. It helps to prove that there is an interconnection between culture and the controllable variables. Culture plays a vital
role in deciding on marketing mix. The interviews and the result with Volvo confirmed our opinion. The managers are carefully considering every aspect of culture like considering people tastes and preferences, norms, attitudes, behavior, education etc., while designing the marketing mix. They adapted different variables from product to service, depends on the people requirements. Though there may be reasons to adapt primarily one part of the marketing mix, managers should be mindful of the interaction that can occur among the elements of the marketing mix (Boudreau et al., 1998; Quelch & Hoff 1986). Culture differences should be handled carefully in the process of international business expansion and must be handled carefully for successful results.

Culture affects all the activities starting from the product design to service mix. Product usage states are also closely interconnected to the cultural environment (Hougan, Hung & Wardell, 2000). International firms while entering into a foreign market has to consider many sorts of things apart from culture, like external environment, business environment etc. since the external environmental factors are uncontrollable and the company should need to abide the rules and laws framed by the government in the targeting country.

We have considered culture as the central issue because, the company has to respect the tastes and preferences of the people in a local culture for its success and it should provide the products or services according to the needs of the customers and customers differ from one market to other. Consumer product usage habits changes substantially between markets (Hill & Still 1984; Menquc 1997; Sorenson and Weichman 1975).

With our research, we found that cultural differences are affecting the degree of adaptation of different controllable variables in marketing mix. The observed results imply that Volvo adapted all its marketing mix activities with respect to Indian culture for better establishment and business expansion. This study also shows that the adaptation of various marketing mix can be influenced by the cultural characteristics of people. With the help of cultural dimension models, we analyzed the individual’s behavior, which affects the marketing activity of the corporation.

Based on the final discussion we can say that culture is influencing the marketing activities and degree of adaptation of marketing mix. Company is forced to adapt its
marketing mix according to manage the cultural differences and the people requirements. It is mandatory for any company to carefully examine and consider the cultural differences before entering into the foreign markets. In addition, the culture differs from country to country, the experiences about the culture of one country can't help to determine the culture of another. The corporations need to be carefully investigating every aspect of culture to craft the effective strategies, which in turn helps to cope up with those cultural differences.

6.2 Conclusion

The conclusions can be explained by answering our research question that we have written in the introduction part of the study. By repeating our research question, we can investigate further if they have been answered during our research work.

Research question

“What are the controllable variables in the international marketing mix needed to adapt in the context of local culture”?

For this research investigation, we have chosen the Volvo Company and Indian economy. Volvo Car Company is a foreign corporation in Indian market, which will obviously face the cultural differences. The company needs to adapt its marketing strategies and marketing mix to succeed in the Indian market. We have chosen the culture because of its key role in international marketing activities. Our results have shown that culture affects all the activities in the organization. It mainly affects the marketing strategy and mix. Volvo Company is adapting all the variables of the marketing mix according to the local culture. Failing to adapt the marketing mix can lead to long-term failure of business. Thus, for a corporation it is necessary to consider the cultural differences before entering into a foreign market.

Cultural differences affect the business activities in many ways. The language, values and attitudes of individuals, behavior and norms, perception, nature and buying behavior etc., these aspects will affect the business to change its activities and forces to adapt the variables starting from product to service according to the needs of the people in that particular targeted culture.

We analyzed and summarized the influence of culture on marketing mix in our analysis part. The differences in culture can be understandable by the behavior of the individuals. We have chosen the cultural dimension models to explain the
individuals’ behavior. By comparing the individual characteristics with the cultural dimensions, we identified the effect of culture on adaptation of company’s marketing mix. The information provided by the Volvo personnel helped us to know the degree of adaptation of the marketing mix variables and marketing activities of Volvo Company. We found out the degree of adaptation with help of the interviews, which we have conducted with the Volvo personnel. We used those answers and came up with the following conclusions.

Volvo is adapting all the controllable variables in the marketing mix according to the needs and preferences raised by the people of Indian culture. Thus, when it comes to the product it modifies the product line, and its characteristics such as introducing some new colors and adding some extra features, etc. When it comes to price, Volvo formulated the pricing strategy and adapted pricing for its products depending on the competitors’ price in the Indian market. The luxury and premium features of the Volvo cars claim the high price in its segment.

Volvo adapted the distribution strategy to satisfy the needs and demands in the Indian market. Since, India is very large, also the country is culturally diversified, Volvo appointed several dealers to oversee and perform the activities to distribute the products and render the services to all the customers. Volvo adapted the dealership by choosing the right person who is aware of business and cultural environment.

Promotion plays a key role in the countries like India, which is culturally sensitive. Crafting a good promotional strategy helps the company to penetrate into the market. India is a land of many states and languages. Volvo promoted its product by adapting the local language. People in India are very much attached to festivals, customs and rituals. Each part of India is having different festivals; at the time of festivals, Volvo is promoting its product by offering different discounts and rebates to attract the customers and to increase its sales. Volvo’s promotion can be compared with Halls high and low context theory of culture. People in India belong to high-context culture, where they are more responsive towards sign and symbols.

In the same way, Volvo adapted its branding, personal selling and service responsive to the people attitudes and behavior in Indian culture. With the help of dimension models, we tried to relate the characteristics of individual that forces to adapt the marketing mix of the company. The information we collected from the employees of the Volvo helped us to find out the process of adaptation in the marketing mix of
the company. Thus, a company has to be respectful towards the culture of a foreign country, and thereby adjusting its activities according to the culture can yield the better results. Thus for the proper establishment in Indian market, Volvo adapted the elements of marketing mix according to the needs of Indian culture.

6.3 Recommendations

With the help of the facts we gathered in our theoretical framework and even with the help of empirical data, we came to know that culture plays a key role in the activities of foreign companies. Thus, if any company desires to establish the business in a foreign market they need to be aware of the cultural differences, norms, values and ethics, buying behavior, taste and so on of a particular country. Our research work is related with the Swedish company Volvo, which is having its business operations in India. India is a multicultural country, where the people are having different religious and cultural backgrounds. To manage these cultural differences Volvo adapted its marketing mix in responsive to the culture and people needs.

Volvo is selling a luxury car, which is being preferred by people of higher-level incomes. However, according to the theory a corporation can be successful only when it satisfies the needs of all kind of customers. Since, the people in middle-income segment are more in India, it is difficult for them to spend on a luxury car like Volvo, which is higher in price. Thus, if Volvo wants to increase its market share it should focus on developing the compact cars with low prices, which also helps to compete with the domestic compact car manufacturers. Volvo has to think on developing a compact car to target the people in Indian market. When it comes to price, Indians are very sensitive. People in India can’t afford on a premium car like Volvo, since, most of them belongs to middle-income groups. Volvo in order to capture market share and increase the profitability, it has to change the pricing by introducing a compact car with economic price.

Volvo is performing its distribution activities with its seven existing distributors. Volvo’s distribution channel is a strong base for the company. Each state in India is having its own language, norms, values, customs and ethics. With the seven dealerships, it is difficult for the Volvo to cover and reach people of all the locations, since India is geographically large. Thus, Volvo needs to increase its distribution channel base to reach and serve the customers.
When comes to promotion, any foreign company which is going to establish abroad has to enter with the suitable and unique promotional strategies that help to target the people in that particular market. In India, people are rigid in their religious beliefs and values. They prefer spending money and buying a new asset or things on religious and auspicious occasions. Volvo should develop a special kind of promotional schemes in these occasions to promote in an efficient manner. Company should also think of giving offers to the people if they buy in a specific periods like end of the year. In India people are fond of schemes and offers, thus promotional schemes will helps to grab the attention of people. Apart from that, Volvo needs to use the local language in advertising its product, so that it will be helpful to reach all the kinds of customers.

When it comes to brand, Volvo is having a stronger brand image in India. Nevertheless, people think Volvo is a premium and costlier brand, which can only be possible by the people in higher-income class. Nevertheless, Volvo should think of changing this sort of brand image by introducing the economic car with the same luxury features.

When it comes to the aspect of personal selling, Volvo adapted the effective personal selling process. People in India are oriented towards relationships. They want to build relationships for longer period, which is possible only through a good communication. Volvo front line sales executives responsibility is to communicate properly with the people who comes to the showrooms either to buy or to see the cars. There should be transparency in communication, if customer prefers speaking in local language, they should be ready to speak with them in their language to avoid the break of communication.

When comes to service, people in India are curious and ambiguous about after sales service. As Mr. Sudeep N of Volvo mentioned, even their buying decisions are also influencing by the after sales service provided by the company. However, Volvo’s servicing is efficient, but there are only fewer service outlets. Volvo has to think of increasing its outlets to provide service to all the customers. The location of service outlets is very important in India to sale the car. Beside that, the servicing charge and spare parts cost should be reasonable enough to be affordable by people.
6.4 Future Investigation

International marketing, culture and marketing mix are very broad and subjective issues. Although, we have given a conclusion to our research work, but in reality if it is going to be tested in future the result may vary and can be different. It is because the factors like economic status, tastes and preferences of an individual may change according to time. The theory that we have chosen in our theoretical framework claims many questions, but our research question relates with the controllable variables in international marketing mix in the context of local culture. Therefore, we were not able to cover all the issues in Indian market. More in depth, analysis of controllable variables in marketing mix along with other factors (i.e. political, economic, socio-cultural and technological) could be helpful to get precise and more valid results. Beside, our case study is relates with Volvo cars India and its adaptation of controllable variables in the marketing mix with respect to local culture. Therefore, when it is compared with different cultures of other countries the results may vary.

We also believe that “culture” itself is a broad and vague subject and the various studies related to culture cant be easily concluded by choosing one particular culture into concern. For example, aspects like language, people preferences and perceptions can vary with culture. These issues can be raised and studied in the future to draw additional conclusions.

All these studies can be useful for companies around the world. As corporations around the world are extending their businesses and they should think of overcoming with the issues, which affects their business growth.
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Appendix I

Questionnaire

**General Information**

1. Name, designation and contact?
   Sudeep Narayan, Head operations Volvo cars India.
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   00-91-1246753100

2. When Volvo entered Indian market?

3. Does Volvo Company faced any sort of difficulty from the government or regulations to operate in Indian market?

4. Who are Volvo’s competitors in Indian automotive market?

5. What are the strategies Volvo formulated to face the competition?

6. What is Volvo’s core competence to represent its identity in Indian market?

7. What is the influence of Indian culture on business activities in India?

8. Does Volvo auto India is following the cultural norms, values and ethics according to market horizon?

9. What is the individual buying behavior when it comes to cars?

10. What is the sales trend in 2011?

**Marketing Mix**

1. Did Volvo done a prior research about marketing opportunities and expansion prospects in India?

2. India is a big market with vast population, to target all the segments does Volvo is using a unique marketing strategy?

3. Does Volvo adapted marketing mix according to Indian environment?

4. What is the product line Volvo introduced in Indian auto market?

5. What are the changes and features adapted by Volvo product line to attract customers in India?

6. What type of features and modification you have in your car for Indian roads that is unique from its competitors?

**Pricing**

1. What are the different prices of Volvo cars in India?

2. What is the Volvo’s pricing strategy in India?
3. Does Volvo adapt competitive prices with respect to its competitors?
4. Does culture is affecting price adaptation.
5. What type of adjustments you make for your customers in your pricing schemes?

**Distribution**

1. What is the Volvo’s mode of distribution in India?
2. What is the Volvo’s distribution strategy in India?
3. What is the basis for choosing a distributor?
4. What is Volvo’s experience with dealers in terms of market expansion and potentiality?
5. What are the roles and responsibilities of dealers in the context of B2B perspective?
6. What are the activities performed by dealers in the context of B2C perspective?
7. Do you think Volvo’s indirect selling is more expensive than direct selling?
8. What is the remuneration for the distributors?

**Promotion**

1. What is the Volvo’s promotional strategy in Indian environment?
2. Being operating in a country with different kind of cultures, is Volvo reaching all the groups of people with its promotional strategy?
3. What are the methods Volvo is using to promote?
4. Indian is a country where each state is having its own language, how Volvo is coping up with this in its promotional strategy?
5. How culture is affecting Volvo’s promotional strategy in India?
6. What is the medium using to promote Volvo in India?

**Brand**

1. How Volvo established its brand image in India?
2. What is the base for Volvo to create brand identity?
3. Does Volvo is communicating the audience by using its brand?
4. Does Volvo brand image is helping in increasing sales?

**Overall**

1. Please write your overall comments about how cultures of people in India are influencing your business?
2. What are your views about profitability in Indian market?