

THE EFFECT OF CULTURE ON MARKETING STRATEGIES OF MULTINATIONAL FIRMS: A SURVEY OF SELECTED MULTINATIONAL CORPORATIONS IN NIGERIA

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ABSTRACT The study examines the extent to which cultural elements affect the operations of multinational firms and investigate how these problems are tackled. Also it identifies major cultural groupings, and examines marketing strategies that could achieve organizational objectives of these firms.

Twenty multinational firms that have subsidiary offices in Nigeria and involved in the manufacturing and or marketing of food, beer, soft drink, soap, health and cosmetics were selected for the study. Personal interviews, and structured and unstructured questionnaires were used to obtain data and analysed using simple percentages and statistical tools.

It was found that culture had an effect on product offering, pricing, promotion and distribution. The most influential cultural elements are language, religion beliefs and ethnic values.

It was therefore recommended that multinational corporation should embrace the marketing concept in their operation, their promotion and products adapted to the environment. The consumer should be receptive to other people's ways of life which leads to inter-cultural socialisation while the government should promote mass literacy programme.

Key Words: Multinational corporation; Culture; Language; Religious belief; Hausas.

INTRODUCTION

The emergence of multinational firms is one of the most recent developments of the last few decades. These firms are known to be large with adequate manpower and financial strength that challenge the Gross National Products of some of the less developed countries.

According to Stopford & Wells (1972), multinational firms in consumer goods industry do happen to be firms that devote more efforts to advertising and other forms of persuasive marketing than non-international firms.

Wherever they may be located physically, the companies that own the brands generally market consumer goods. Governments and consumers as responsible for the product in any event regard the company identified with the brand and everything associated with it.

Any multinational firm that is consumer-oriented is said to be cultural bound. This to great extent is true because consumers of such products are members of certain cultural groupings and inclinations irrespective of their stages in life. It explains why marketers have recently turned keen ears to cultural influences on their market-

ing activities. Although all cultures exist for the gratification of groups of people, they reveal a tremendous spectrum of diversity in what a society expects of its members. They are designed to satisfy biological as well as esteem and companionship needs. Since there are variations in needs and marketing opportunities, it follows that an understanding of a people's culture is important to both marketing scholars and practitioners alike. They need to understand culture since it provides approved specific goal objectives for any generalized human want.

In Nigeria, there are different cultural groups across the country. The major groups are the Hausas, the Yorubas and the Ibos. What is accepted in certain areas may be regarded as taboos in another. What a people see as a social way of life is seen as a taboo in another. Being conscious of the above, the international marketers need to identify opportunities and threats in the market segments of interest using information available to them.

The purpose of this study is to find out whether the multinational firms market their products as they are produced, or are affected by some cultural influences; to examine which cultural elements affect the operations of multinational firms in Nigeria; and examine marketing strategies that are adopted to overcome them.

RESEARCH HYPOTHESIS

In order to critically examine various cultural influences on marketing strategies of multinational firms the following hypothesis have been postulated.

- Ho₁: There is no significant cultural influence on marketing strategies of multinational corporations in Nigeria.
- Ho₂: There is no significant marketing strategy adopted by the multinational corporations in Nigeria.
- Ho₃: There is no significant remedy available to overcome cultural influences on marketing strategies of multinational corporations.

REVIEW OF LITERATURE

Culture is so pervasive, yet complex that it is difficult to define in short simple terms. It seems there are as many definitions of culture as there are anthropologists and social scientists, each defining it to suit his understanding and interpretation. To some, the term refers to finesse in self comportment. "A cultured person is one who behaves in a becoming way according to his society's standard of behaviour, a gentleman, a well brought up lady, one that is so wholistically educated that he is at home with any given subject of discussion in art, music, literature, politics etc., who has cultivated taste for what society judges admirable and worthy of the human spirit" (Umoren, 1996).

To others, culture refers to masquerades, traditional dances, festivals, traditional marriage etc. In this instance, fierce arguments in defence of polygamy, violence in masquerades, violence and extraordinary spending in the burial of the dead, etc. are

heard of in the name of “our culture.” According to Howard & Sheth (1969), culture refers to the “collective mental programming which people in a society have. This means that every individual’s activities are directed by his or her own culture. Culture is also seen as selective man-made way of responding to experience, a set of behavioural pattern which means that culture influences or affects motives, brand comprehension, attitudes and intention to use. Thus culture is not only a narrow view of man’s activities, but extend to include all the activities which characterise the behaviour of particular communities of people—the way they eat, how they talk, look and general behavioural pattern”.

Hawkins *et al.* (1983) defined culture as that complex whole which includes knowledge, beliefs, arts, law, morals, customs and any other capabilities and habits acquired by man as a member of society. To Hawkins *et al.*, term, “acquired by man” means that culture is socially learnt. The researcher therefore looks at culture as a total way of life of people living together. Every individual is subject to his or her culture, that is, the way people live, eat, dance, believe, dress, sing, etc. The general patterns of behaviour by people accepted by them are influenced by their culture.

Every form of culture is identified in term of language (Umoren, 1996). Language is a vehicle of culture. In short every language serves as a vehicle of the culture of the people who speak that language. In Nigeria there are 374 ethnic languages and groups. Some languages are found in more than one state. For example Yoruba is in six states, Igbos in four states, and Annang, Efik and Ibibio in two states. Hausa cuts across all the states in the North.

These languages effects consumer behaviour. To make consumer accept a product, language is used to promote the product. Advertising, personal selling, sales promotion and publicity cannot be effectively used without language. The MNC needs to understand this in going into any nations for any type of business.

Adopting the symbolic theoretical approach, Umoren (1996) treated religion as a cultural system and defined culture as systems of symbols and meaning. There are three main religions in Africa: Traditional religion, Christianity and Islam. The development of man cannot be completed without one type of religion or another. In Nigeria, Christianity dominates the South, while Islam dominates the North and the traditional exists in both areas.

Religions affect consumption behaviours and the purchase pattern of the individual. For instance, Islam in the North does not allow beer parlours and imbibement of alcohol, whereas in the South beer are sold everywhere. Because of religion some married women cannot move publicly as they like. All these affect the MNC marketing performance. They must adapt their product and promotion to suit their area of operation.

According to Busch & Houston (1985), values are enduring beliefs that guide behaviour in specific situations. A value exists mainly at the individual level, but when it is substantially shared throughout a society, it becomes a cultural value. Knowledge of the socio-cultural sector in terms of cultural values is crucial to marketing, because cultural values influence the behaviours of most individuals in consumption situations. As cultural values shift, so will motives for buying products, and so the firm that fails to recognise this will overlook opportunities for new prod-

ucts or changes necessary in existing ones.

Cultural values are widely held beliefs that affirm what is desirable and have an impact on activities (Hawkins *et al.*, 1983). These values affect norms, which specify an acceptable range of responses to specific situations. The beliefs, cultural values and norm in different countries show great variation. For instance, most Americans still believe in work, in getting married at appropriate age, in giving charity and in being honest. Some Nigeria people in the North can marry from the age of twelve. When products are introduced into one country from another, acceptance is far more likely if there are similarities between the two cultures.

Connotations associated with body motions, greetings, colors, numbers, shapes, sizes and symbols vary considerably across cultures (Pride & Ferrell, 1985), and these cultural differences have marketing implications that pertain to product development, personal sales, advertising, packaging and pricing.

The home country of the multinational enterprises is usually the base of expansion and initial development of the firm. It houses the parent office, otherwise called the headquarters. The host country is where multinationals have their subsidiaries.

According to Berham (1969), the characteristics of multinational firms are that they attempt to treat the various markets as one, to the extent to which the host countries government permit. They also respond to the market opportunities around the world and try to pull together various elements of the enterprises to take maximum advantage of its managerial know-how, advanced techniques and coordinated marketing. Finance functions, product differentiation, extensive advertising, advanced technology and managerial know-how are part to their known characteristics.

Once a firm decides to be involved in international arrangements, management must decide which operational structure will be employed to implement this international venture. The structure depends upon whether the foreign arm is intended to remain as a secondary appendage to the parent body or whether management is interested eventually in developing a fully integrated world marketing enterprise.

Nwokoye (1981) identified that the choice of a given structure is a function of both internal and external variables. The internal variables include: financial capacity, established corporate policies, size and experience in foreign operations. The external variables may include: economic and marketing information, legal restrictions, non-tariff barriers and political, social and cultural factors. However, six basic kinds of structure or involvement include: exporting, licensing, contract manufacturing, management contracting, joint venture and wholly owned subsidiaries.

McCarthy & Perreault (1984) viewed marketing strategy a “big picture” of what a firm will do in some market, made up of two inter-related parts—the target market and the marketing mix. The target market is a fairly homogenous (similar) group of customers to whom a company must appeal to while the marketing mix is the controllable variables, which the company puts together to satisfy this target group.

Pride & Ferrell (1985) saw a marketing strategy as that which “encompasses selecting and analysing a target market (the group whom the organisation wants to reach) and creating and maintaining an appropriate marketing mix (product, distribution, promotion and price) that will satisfy those people”. In this instance, a marketing strategy forms the core of a successful marketing plan. It articulates a plan for

the best use of the organisation resources and advantages to meet its objectives.

When choosing a target market, marketing managers try to evaluate possible markets to see how entering them would affect the firm's sales, costs and profits. They also attempt to determine, if the organisation has the resources to produce a marketing mix that meets the needs of the particular target market and whether satisfying those needs is consistent with the firms overall objectives. They also analyse the size and number of competitors who already are selling in the possible target market. The target market therefore, is a group of persons for whom a firm creates and maintains a marketing mix that specifically fits the needs and preferences of that group.

METHODOLOGY

The multinational corporations selected for this study come from the U.S., France, Great Britain, Italy and Canada. All have parent companies, which operate subsidiaries in Nigeria.

Seventeen multinational corporations include those firms in the food, beer, soft drinks, soap, detergent, health and cosmetics industries: soft drinks 2; beer 2; food and beverage 2; health and cosmetic products 2; soap and detergents 5; supermarket and department stores 4. The choice of companies was because their products deal directly with the entire population of the country. Some of the companies have operated from the colonial, and in fact holds the key to the Nigerian commercial economy.

Their turnover in the year 1997/1998 were greater than one hundred and fifty million naira for those in manufacturing, and marketing of health products and cosmetics, and one billion naira for others in soft drinks, food, beverages, beer, soap and detergent.

The survey was conducted largely through personal interviews with respondents. Where it was not possible to obtain interviews, questionnaires were left for the respondents to complete and return.

For the 20 copies of questionnaires distributed, all were completed and returned. The success rate could be attributed to the fact that the sample size was relatively manageable, as well as the proximity to their area and/or regional offices located in southeastern part of the country—a sensitive marketing territory. After editing, data contained therein were found to be useful for the purpose of this study.

FINDINGS AND DISCUSSION

First, respondents were asked to state whether their marketing operations covered the entire states in Nigeria. All the firms contacted admitted that they operated in all the states. This is possibly true since their products touches the generality of the populace.

To determine the existence of cultural effects on the marketing activities of the firms, respondents were asked whether culture affected their marketing activities (Table 1).

Table 1. Cultural Effects on Marketing Activities.

Marketing Activities	Responses		Total
	Yes (%)	No (%)	
Product Offering	13 (65)	7 (35)	20 (100)
Personal Sale	15 (75)	5 (25)	20 (100)
Marketing Research	13 (65)	7 (35)	20 (100)
Sales Promotion	15 (75)	5 (25)	20 (100)
Advertisement	12 (60)	8 (40)	20 (100)
Pricing Method	10 (50)	10 (50)	20 (100)
Distribution	15 (75)	5 (25)	20 (100)

Percentages in parenthesis.

Source: survey data, 1999.

Table 1 showed that cultural effect in personal sale, sales promotion, and distribution scores high among the respondents. In the North, personal contact with the Muslims is not allowed for demonstration of some products such as beer. Some health products cannot be demonstrated or distributed publicly, because according to some they encourage prostitution.

The sales manager of Charnel Stores said that since their outlets serviced people from different cultural backgrounds, there was the need to consider product items peculiar to the needs of the particular market segment. In their fashion unit, sales of brocade materials, Indian laces and other fabrics excelled in the Northern market in contrast to the Western world fabrics, and fashion designs used in Southern Nigerian markets of suits and shoes. The reasons put forward here was that the Northern culture preferred Arabic and other products suited to the weather conditions, while most of the Southern culture accepted products of cross cultural integration and socialisation from the Europe and the U.S.

To find the extent of influence of these cultural elements on marketing strategies, Tables 2 and 3 were constructed.

Table 2. Influence of Cultural Elements on Marketing Strategies.

Cultural Elements	Response			Mean X	Standard Deviation
	3	2	1		
Language	15	4	1	2.7	0.33
Religious Beliefs	11	8	1	2.5	0.37
Ethnic values	16	4	-	2.8	0.17
Material Culture (Artifacts)	12	4	4	2.4	0.67
Aesthetics	11	7	2	2.5	0.47

Key: Very much 3; Not much 2; Not at all 1.

Source: survey data, 2001.

Tables 2 and 3 indicate that all cultural elements such as language, religious beliefs, ethnic values and aesthetics exerted considerable influence on marketing strategies of the MNC.

TEST OF HYPOTHESIS

In order to determine if the observed differences in respondents' answer were significant, or due to chance, the responses to the questions bearing on the research hypothesis were statistically analysed using chi-square tests.

Table 3. Culture Influences Marketing Strategies. (): expected value

Cultural Elements	Responses		Total
	Yes observed	No observed	
Languages	14(13)	6 (7)	20
Religious Beliefs	15(13)	5 (7)	20
Ethnic values	12(13)	8 (7)	20
Material culture (artifacts)	13(13)	7 (7)	20
Aesthetic	11(13)	9 (7)	20
Total	65	35	20

H_{01} : Culture does not significantly influence the marketing strategies of multinational corporations in Nigeria.

In Table 3, the above hypothesis is not rejected ($X^2 = 2.19 < 9.49$, $df = 4$, $p > 0.05$). It means that culture does not significantly influence marketing strategies of multinational corporation in Nigeria.

Table 4. Marketing Strategies Adopted by Multinational Firms. (): expected value

Marketing Strategies	Responses		Total
	Yes observed	No observed	
Quality product	15 (14.3)	5 (5.7)	20
Advertisement	14 (14.3)	6 (5.7)	20
Credit facility	16 (14.3)	4 (5.7)	20
New product innovation	14 (14.3)	6 (5.7)	20
Product/customers price	14 (14.3)	6 (5.7)	20
Sales promotion	13 (14.3)	7 (5.7)	20
Total	86	34	120

Source: survey data, 2001.

H_{02} : There is no significant difference in strategy adopted by multinational firms in Nigeria.

In Table 4, the above hypothesis is also not rejected ($X^2 = 1.31 < 11.07$, $df = 5$, $p > 0.05$). It means that there is no significant difference in strategy adopted by multinational firms in Nigeria. Once again there is difference, but not enough to worry about.

Table 5. Remedies to Overcome Cultural Influence.

Remedies	Responses		Total
	Yes observed	No observed	
Product Adaptation	18 (15)	2 (5)	20
Promotional Adaptation	16 (15)	4 (5)	20
New Product Innovation	11 (15)	9 (5)	20
Total	45	15	60

Source: survey data, 2001.

H_{0_3} : There is no significant remedy available to overcome cultural influences on the marketing strategies of multinational corporations.

In Table 5, the above hypothesis is rejected ($X^2 = 6.93 > 5.99$, $df = 2$, $p < 0.05$). This therefore empowers us to establish that there are significant marketing strategies adopted by the multinational firms in their operations.

The implication here is that there are remedies available to overcome cultural influences on marketing strategies of multinational firms in Nigeria. The respondents were asked to indicate the extent to which remedies have assisted them to solve their cultural problems (Table 6).

Table 6. Extent Remedies Assisted to Solve Cultural Problems.

	Weight	Responses	Weighted score	% of weighted score
To a great extent	3	4	12	30%
To some extent	2	12	24	60%
Not at all	1	4	4	10%
Total	6	20	40	100

Source: survey data, 2001.

According to Table 6, 4 (30% of weighted score) indicated that the remedies assisted them to a great extent. Whereas 12 (60% of weighted score) of the firms responded that the remedies actually assisted them to some extent, 4 (10% of weighted score) indicated that the remedies did not assist them to remedy cultural problems at all. Therefore, there is a need to increase search for more remedies to overcome the cultural problems.

CONCLUSION

The firms indicated that cultural various exerted varied influence on marketing strategies used by the multinational firms, which called for the use of specific strategies for particular situations and influences.

The firms also indicated that marketing strategies were adopted to purposely overcome competition for more market shares and improved sales, and to stand the test of the ever-changing trends as it affected demand and supply. Some of the strategies included the use of quality products, frequent advertisement in local media, ideal pricing structure, reward sales promotion and new product innovations.

Finally, all firms had adopted some useful remedies to overcome cultural influences affecting their operations. These include: product adaptation, promotional adaptation and new product innovation with the above in use.

RECOMMENDATION

The following recommendations are advanced to assist the multinational firms and meet the dynamic nature of demands.

1. They should hold fast to the marketing concept, which focuses on the identification of the needs and wants of target customers, and finding means to satisfy it. By so doing, both current and latent needs will be satisfied.
2. They should concentrate on the production of particular product items that would be specific to various cultural settings.
3. Their promotion programmes should be culture bound to the targeted indigenous people and their interest.

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