



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL
OF ADVANCED RESEARCH

RESEARCH ARTICLE

The effect of culture on marketing strategies of MNCs: A study of MNCs in Pakistan.

Ammarah Aftab Malik, Ayesha Ahmed, Memoona Naseer

Manuscript Info

Manuscript History:

Received: 14 September 2015

Final Accepted: 26 October 2015

Published Online: November 2015

Abstract

Key words:

*Corresponding Author

Copy Right, IJAR, 2015. All rights reserved

Ammarah Aftab Malik

INTRODUCTION

“No two languages are ever sufficiently similar to be considered as representing the same social reality. The worlds in which different societies live are distinct worlds, not merely the same world with different labels attached.” –

Amy Tan

Due to an increase in integration of the world economy, in other words globalization, multinational corporations need to draft effective marketing strategies. It is a foregone conclusion that a company cannot adopt the same marketing strategy across the globe. Every country has individual rules & regulations, norms, culture, and religious beliefs. Even the same meaning of a word can be perceived differently in different countries.

This study aims to investigate the relationship between culture and marketing strategies adopted by multinational corporations. For the purpose, a sample size of 50 consumers is taken from Islamabad (regular shoppers) and surveyed, upon the completion of which followed a thorough analysis of their responses.

Research Objectives

- To check the impact of culture on the effectiveness of marketing strategies that MNC's select for a particular market.
- To have a brief idea about the perception of the Pakistani consumers regarding the impact of marketing campaigns that MNCs carry out and whether or not their cultural values have an effect on their purchasing patterns.

Literature Review

In the past, there has been an increasing interest in the relationship between culture and marketing and several researchers have conducted researches in the aforementioned area.

In the article “Social Relations in Culture & Marketing” the authors Lackman, Hanson, and Lanasa (1997) conduct a study on how social relations in culture have an impact on marketing strategies adopted by large corporations. In their study they have stated that “cross cultural differentiation is found to be an important variable in improving the effectiveness of the promotion function of sales in industrial marketing”. The focus of their research is to “draw parallels between national differences in cultural configurations in four countries and national differences in the

specific patterns of industrial marketing”. They have based their study on Hofstede’s Cultural Dimensions i.e. power distance, individualism, uncertainty avoidance, masculinity, and long-term orientation. Lackman et al. (1997) emphasized on studying differences in four distinct cultures i.e. European Union (Germany & France), United States, Japan, and Latin America. Through their research they discovered that United States and Japan have high individualism while Latin American and EU (Germany & France) have low individualism involvement. Moreover, Japan has a high-context culture while EU and the US have low-context cultures. In order to sell their products in France, the company needs to focus more on style and performance and if the seller has a good relationship with the buyer then demand of the product increases, hence, leading to an increase in sales. Whereas, in United States, buyers make their purchase decisions based on objective standards, in Latin America, they evaluate their purchase decisions based on sales pitches which are a subjective standard. The buyers are even willing to make huge tradeoffs to obtain concessions on enhanced products. Lackman et al. have drawn a conclusion, from their research, that “cross-cultural differentiation is an important variable in improving the effectiveness of marketing strategy, specifically the promotion function of the industrial sales. Substantial differentiation of this function is required across cultures to generate effective results”.

Cui (1997) conducted a research on “Marketing Strategies in a Multi-Ethnic Environment” and focused on the demographic changes which have led to the emergence of ethnic minority consumers in the United States. He reviewed the marketing practices varying in different demographics. Marketing strategies such as “total standardization, product adaptation, advertising adaptation, and ethnic marketing” are some of the strategies that are adopted by large MNCs in order to capture different demographics of the market. Moreover, Cui (1997) reveals that there are “factors that influence the selection and implementation of the strategies are examined, such as product preference, ethnic identification, acculturation, and advertising responses”. As a result of the rising differences in ethnicity, many companies have adopted different marketing strategies in a proactive approach in order to capture a larger chunk of the market. As stated by Cui (1997) that “a survey indicates that Fortune 1000 companies all have some sort of ethnic marketing program”. While some companies are finding it hard to adapt to the ethnic changes that are taking place and as a result are losing on their sales. However, it is extremely difficult for companies to devise marketing strategies along the diversity of consumers in “race, nationality, religion, geography, language and customs”. He also highlighted in his research that there are certain “ethnic factors”, such as racial and ethnic background, language, religion and customs, ethnicity, values, attitudes, acculturation and perceptions, that have an impact on marketing strategies that companies adopt.

Ekerete (2001) conducted his research on “the effect of culture on marketing strategies of multinational firms: A survey of selected multinational firms in Nigeria”. According to his research, he discovered the impact of cultural elements on the operations of multinational firms. Ekerete (2001) selected twenty multinational firms that had their subsidiaries in Nigeria. He concluded in his study that “culture had an effect on product offering, pricing, promotion, and distribution”. Furthermore, he defined the “most influential cultural elements to be language, religion beliefs, and ethnic values”. That is why we have considered these cultural elements to be a part of our research. We will be conducting a similar research but in context of Pakistan’s culture. The reason companies adopt different marketing strategies is because they want to remain competitive in the market and be able to reap as much profit as possible from their respective customers. Therefore, Ekerete (2001) concludes in his research that companies should respond to the cultural changes in the market and mold their marketing strategies accordingly.

Fletcher (2011), in his study “The impact of culture on marketing at the bottom of the pyramid-a relationship creation and network development approach”, states that it is important for companies to conduct their research in international markets and they should especially focus on the market that lies “at the bottom of the pyramid” i.e. the lower and rural classes of developing countries is the place where opportunities lie for businesses today. Fletcher (2011) highlights that the only way businesses will be able to flourish in the developing countries is if they educated themselves with the existing cultural differences in these areas, as “cultural differences at the bottom of the pyramid are more likely to be more deeply ingrained due to this group being less exposed to ‘western influences’”. He performed his study on three developing countries and asked marketing professionals views on the impact of cultural measures on their marketing strategies utilized. Moreover, based on the studies of Hofstede (1998), London & Hart (2004), Ford (1984), Jagdish (1973) and Trompenaars & Turner (1997), there is evidence that there is a different set of cultural drivers that are applicable in developed markets as compared to the developing markets. Although these authors are criticized for their methodology of work, they were successful in illustrating major cultural differences that lie between emerging and developed markets.

Most of the global companies have now also started focusing on their operations and businesses in the emerging economies. This is due to the reason that these economies have a great potential in terms of customer base and the availability of valuable resources at reasonable prices. The core characteristics of emerging economies are (Batra, 1997):

1. The incomes of consumer, on a per- capita basis, are low as compared to the western standards.
2. The rates of inflation, unemployment, and costs of capital are high while the costs of labor are relatively cheaper.
3. The elite urban high income class is very small while there is a huge presence of middle income and lower income groups.
4. The political and regulatory environment is mostly unstable. The import duties are very high and the lack of coordination across government ministries also exists.
5. The markets are generally Sellers' markets as the demand of products and services exceed supply and prices are normally controlled by governments. A concept of Gray Markets also exists in such economies in imported and insufficient goods, which really effect the markets of high quality products and goods either being produces or manufactures internationally or locally.
6. The physical distribution channels and other infrastructure are inadequate as well.

The effective marketing strategies are of intense importance in the emerging economies because of the following major reasons:

Consumers: The consumer base in such countries is sophisticated due to the increased exposure to international media. This has bosted the demand of quality and branded services and products. This amplified demand of international brands lays down a lot of pressure on the shoulders of multinational companies in the emerging economies because in such countries, people give importance to strong and trusted brands rather than solely to products and services (Batra, 1997). Consumers also go for brands due to their lack of knowledge about the functionalities of the products and services and also due to the gradual increase in their incomes which makes these consumers relatively lesser price sensitive and more brand conscious. The western brand names are still considered to be better in terms of quality and performance as compared to the local brands in most parts of the emerging economies.

Competition: The main competitors of MNCs operating in the emerging economies are state owned domestic enterprises. Although, these enterprises are smaller in size, technically backward and excessively integrated, they still pose a major threat to multinational companies operating in these economies due to their emphasis on low cost production. Other important competitors are small entrepreneurial businesses as these focus on niche markets and are customer oriented. Another reason why these local competitors and entrepreneurial enterprises are a threat to MNCs because now the consumers are becoming more and more aware about their rights which is leading to maturation of consumer markets.

Products: Due to the arrival of new competitors and the increasing sophistication of the consumers in the emerging markets, the quality and feature standards of products and services are ramping up. However, the low quality products and services still make up a larger chunk of consumer markets due to low grade resources, outdated production methods and infrastructure, lack of quality standards, and inefficient managerial and human capital skills.

Price: As far as prices are concerned, emerging countries' markets are divided into two phases. The first phase is of the time when the markets opened up and western goods entered in. During this phase, consumers observed a sudden increase in the products and services offered by the western brands as compared to the local ones. People were even willing to pay higher prices for these particular products and services because of their perceived higher quality and their appeal to elite classes of these markets. The second phase consists of the time period when the supply of certain products exceeded demand which led to shakeout in prices. Since the consumers of emerging markets have become much sophisticated, many manufacturers have realized that after sales services and warranties are also important along with initial prices.

Distribution: In emerging economies, most of the distribution systems are government owned and generally, foreign companies are not permitted to enter into the wholesale sector. Trade fairs are considered to be important venues for buyers and sellers to meet up. However, now the governments of various countries have starting allowing the foreign companies to distribute their goods through any channel they select and which suit these companies. Now, the trend of consolidation of distribution channels owned by government and private sector is now becoming normal. This has led to increase in average size of retailers and distributors due to improvement in the levels of specialization, efficiency and lengths of the channels.

Infrastructure: Most of the emerging economies have also started working on the improvement of their infrastructures, especially the transportation and telecommunication facilities. This has again made these markets attractive for foreign companies.

Communications: In the emerging economies, the amount spent on marketing has increased a lot. The main reason of this boost is the strong financial positions of MNCs, which have a resource advantage over the local firms operating in these economies (Batra, 1997). This has also triggered the local companies to focus on the effective marketing strategies so as to build strong relationships with their customers. In emerging economies, where literacy rate is not that high, television and radio marketing is one of the most effective marketing strategies to attract consumers. Apart from the advertising campaigns on televisions and radio, public relations and other creative practices like discounts and lotteries also help a lot to attract a loyal consumer base.

Now, MNCs really need to work on targeting the right market segments so as to reap reasonable amount of profits. Rather than focusing on just the higher end classes of these economies, the foreign firms also could do with the middle income strata as one of the major characteristic of these economies is the growing middle classes. For this, the foreign firms require to work on product modifications so as to fulfill the demands and wants of the middle income groups. Another important aspect for the foreign companies to catch attention of middle classes of these economies is that the products and services should be developed in such an efficient manner that not only makes these reliable but also serve the tastes and preferences of the consumers well. The average incomes of consumers in emerging countries are comparatively lower which make this market very price sensitive. Therefore, the companies need to work a lot on a concept known as “value engineering” which means to provide the customers with reliable and quality products and services in a cost effective manner. One way to charge lower prices for the products and services is to take advantage of economies of scale i.e. designing and marketing the products at a global level. High levels of mass communication are also of intense importance in emerging economies because the consumers are becoming sophisticated and competition is increasing with every passing day. For MNCs operating in emerging economies, one of the most critical things while formulating the effective marketing strategies is to take an extra care about the cultural, political, social, and religious sensitivities that exist in each one of the emerging countries. This might call for adaptation in terms of packaging, advertising, and brand names.

However, there are certain consumer behaviors in few market segments that do not vary across cultures. These standardized decision making patterns are known as Marketing Universals (McGowan and Sternquist 1998). One of the very common marketing universals is the mindset of the consumers, according to which high quality is generally associated with high prestige and better quality. The choice of media is of critical importance in these countries because of the low literacy rate. The most suitable media in such regions are non-traditional ones, as these countries have poor infrastructures for direct marketing and telemarketing. Positive word of mouth is the most effective way to create brand awareness. In this context, public relations and publicity play a vital role. Since, the infrastructure supporting the distribution channels are not that adequate, so the major challenge for foreign companies is to scrutinize the ways of improving the cost effectiveness of their distribution channels so as to offer the price sensitive customers of emerging economies with reasonably priced products and services. In addition to this, MNCs should also look out for innovative ways to provide credit and inventory financing for their respective distribution channels. There is also a need to build proper and true partnership between dealers and manufacturers through incentive systems and various training programs. This strategy helps in attaining cost effective distribution channels.

The harmonization of marketing activities within multinationals is of intense importance while designing a global marketing strategy. The role of coordination between the subsidiaries and headquarters of multinationals is of immense significance because a subsidiary which is operating in a host country cannot function without certain rules and regulations which are formulated by headquarters in the home countries. There are certain external and internal conditions which are paramount for the better and effective coordination between the headquarters and subsidiaries of multinationals (Hewett, Roth, and Roth 2003). These specific conditions which really affect the marketing strategies of MNCs operating in emerging economies are discussed under the following headings:

Relational Conditions: Subsidiaries often have to go through pressure to adopt practices given to them by the headquarters. This means that subsidiaries rely a lot on the headquarters and this dependence is based on mutual trust. The headquarters- subsidiary relationship for marketing activities is based on three aspects. The first one is the level of cooperation between the marketing managers in subsidiary and the marketing operations at the headquarters. This is the cooperation which reduces the uncertainty in decision making processes in the parent companies and increases chances of the adoption of these decisions at the subsidiary level, which ultimately leads to the better implementation of the marketing strategies of the company as a whole. For cooperation, regular interactions and open communications are very important.

Based on the studies of Zang & Gelb (1996), Kotabe & Okoroafo (1990), and Witkowski (2005), the second paramount aspect is vertical dependence, which is the level to which the subsidiary relies on headquarters for its various needs. The subsidiaries role in marketing activities will be less if the pressures from the headquarters are perceived to be greater due to greater dependence of subsidiaries on headquarters. This greater dependence and higher pressure leads to the standardized marketing strategies. The last important aspect in relational conditions is participation in goal setting; it is the extent to which the company is concerned setting goals for a product in a specific market. The higher the involvement of subsidiary in the goal setting process of a product, the more independent the subsidiary is in practicing its own beliefs and the lesser hierarchical would be the structure of the company. This ultimately leads to the greater role of the subsidiaries in developing and implementing the marketing strategies as compared to the parent company (Hewett et al., 2003).

Industry Conditions: Industry conditions consist of external context of an organization that also shape up the marketing strategies of an organization. Three important characteristics of these industry conditions are market turbulence, market concentration and technological turbulence. Market turbulence is the rate at which the composition of customers and their preferences are changing. The more turbulent the market is, the greater the role of the subsidiary is while catering to the local needs and wants of the customers. Organizations must persistently modify their products and services in order to satisfy the changing needs and wants of the customers. Therefore, in more turbulent markets, subsidiaries enjoy a greater role while formulating the marketing strategies in the host countries.

The second important aspect is market concentration, which reflects the shares of the top competitors of the company in terms of sales. The lower market concentration means there are many rivals and thus the competitive landscape is very intense, which ultimately leads to more uncertainty when it comes for the various competitive moves of the rivals. In such an intensified competitive landscape, the dependence on the inputs from local managers of the subsidiaries while formulating the marketing strategies increases. The third significant aspect is the technological turbulence, which refers to the pace at which the technology changes in association with the development of products. Since, technological turbulence occurs in the industry as a whole, so a subsidiary cannot play a more independent role while developing the marketing strategies. In this context, the MNC as a whole play a more effective role. So, the dependence on headquarters increases when it comes for dealing with the technological turbulences.

Market Conditions: If there is a greater difference between the subsidiary's market and the parent location, there is a greater pressure on the subsidiaries to respond to the tastes and preferences of the local customers. There are two specific market conditions that reflect the differences between the foreign and home markets. The first one is the cultural distance; which defines the values, behaviors, and attitudes of the customers in the host countries. The greater the cultural differences are, the more important the role of the subsidiaries become while developing and implementing the marketing strategies of the company. In such an environment, the local marketing managers of host countries can play a vital role through their effective and well researched inputs. A company cannot rely on product standardization, when there is a greater cultural difference between the home and the host countries, rather the localized marketing strategies can act as very effective marketing strategies in such context.

The second market condition is the economic distance; it is the difference between the economic conditions of the individual host countries and home countries. The greater the economic differences, the greater the dependence on subsidiaries in marketing decisions. The economic difference plays a vital role in designing the marketing mix of the products and services of MNCs.

METHODOLOGY

THE BROAD PROBLEM AREA

Marketing plays an extremely important role in determining the fate of any company in any part of the world as it is this marketing which helps the companies to determine the behaviors of their consumers through segmentation, which ultimately aids in formulating pricing, promotion, placement strategies in a more effective and efficient manner. But this is not it, now days the concept of marketing is incomplete without the term "culture". The main reason of the increasing influence of culture on the marketing strategies is globalization. The markets have become global, and this where has created wide varieties of opportunities for multinational companies on one hand, it also presents the challenge of understanding the effect of culture on the consumer behavior on the other hand. The better understanding of the culture of the host country leads to effective local adaptation strategies, which eventually helps the companies in building a strong brand name all over the world.

This is an era of “Globalization”, which emphasizes on the phrase Think globally, Act locally. Many organizations in the world have started following this in order to achieve a strong and positive image in the minds of their consumers. Most of the global companies have now also started focusing on their operations and businesses in the emerging economies. This is due to the reason that these economies have a great potential in terms of customer base and the availability of valuable resources at reasonable prices. But it is very important to know: Which strategies should be used to perform efficiently in the emerging countries? How target market should be chosen? Which cultural elements should be kept in mind while formulating the marketing strategies for consumers of emerging markets? However, the cultural elements vary from country to country, especially in the emerging economies but the focus of this research paper is to analyze whether the culture has an impact on the effectiveness of marketing strategies, especially in Pakistan.

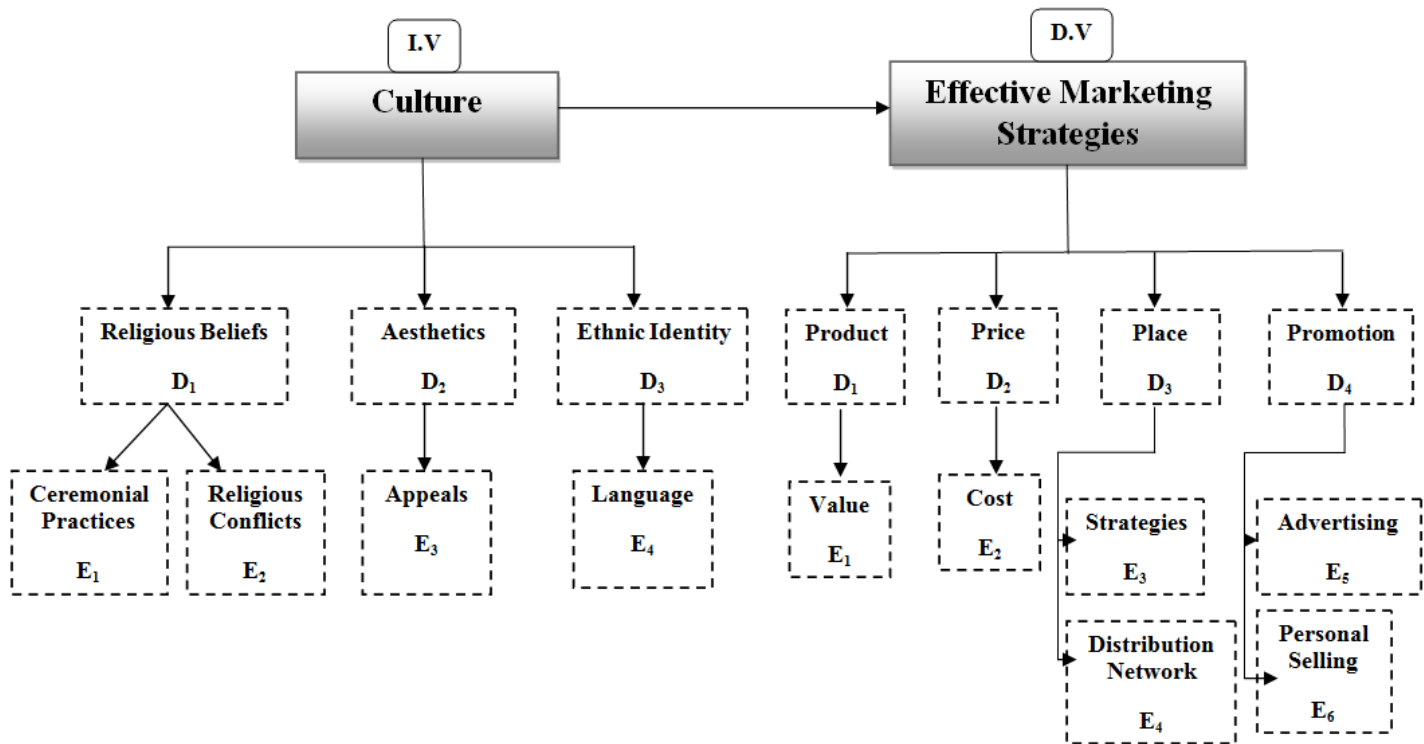
THEORETICAL FRAMEWORK

Many scholars, researchers and professors have performed researches upon the effect of culture on marketing strategies of MNCs. Most of them have proved that there is a relationship between culture and its impact on the marketing strategies that large corporations adopt. Our research will be based on Ekerete’s (2011) articles in which he has found significant evidence that culture does have an impact on the choice of marketing strategies that large corporations select.

In our research the dependent variable is effective marketing strategies because it is the variable of our primary interest and it depends upon several other variables. There are a number of other variables, which can affect the marketing strategies of MNCs, but to make the research more parsimonious we have only included one independent variable i.e. “culture”.

There are also many other variables that can affect our research simultaneously. Therefore, the goal will be designing the experiment that can isolate the effect of culture on effective marketing strategies by holding other variables constant as many variables as possible, so that we can find out what is the relationship between culture and effective marketing strategies? Is there a relationship between these variables? Or not? Data will be gathered through questionnaires and will be analyzed using simple percentages and statistical tools (Ekerete, 2011).

Ekerete (2011) examined the effect of cultural elements on the operations of multinational firms and performed an investigation on how the cultural problems these MNCs face are handled. He conducted a survey with twenty MNC’s which have a subsidiary in Nigeria. These corporations were a part of the manufacturing and food industry such as food, beer, cosmetics etc. He discovered through his extensive research and analysis that culture does have an effect on product offerings, pricing, promotion, and distribution. Moreover, according to Ekerete (2011) the most dominant elements of culture are religious beliefs, ethnic values, and language. In contrast to many other studies, Ekerete’s (2011) study gave significant proof that there is a relationship between culture and effective marketing strategies. Every country has a specific culture and sometimes there is more than one culture present in a country. Due to differences in culture from region to region, the marketing strategies of corporations change in relevance with the respective culture. Ekerete (2011) has gathered his research data from personal interviews, and structured and unstructured questionnaires. However, in our research we will use questionnaires to indicate the effect of culture on marketing strategies of MNCs, being the limited time given to perform this research analysis.

FIGURE 1.1: SCHEMATIC DIAGRAM**PRELIMINARY DATA GATHERING**

For the information gathering in the preliminary data gathering we have utilized the ‘secondary sources’ of data like:

- Information that has been published and/or unpublished
- Previous research
- Internet

We have also utilized the ‘primary sources’ of data to formerly research the phenomena of the impact of culture on the effectiveness of marketing strategies of MNCs, especially in Pakistan. The prime source of data collection has been ‘survey forms’.

Independent Variable, Dependent Variable and their Data Types:

The independent and dependent variables of this research paper are as follows:

1. Culture:

Culture is our independent variable that is collective programming of the mind that distinguishes the members of one group or category of people from another. The interval scale has been used to record the data.

2. Effective Marketing Strategies:

This is our dependent variable in theoretical framework. The data would be recorded in with the help of Interval scale.

| Variables | IV or DV | Data Type | Method Used in Survey |
|---------------------------------------|----------|-----------|-----------------------|
| Culture | IV | Interval | Rating (Likert Scale) |
| Effective Marketing Strategies | DV | Interval | Rating (Likert Scale) |

HYPOTHESES

The hypotheses that were derived from this research are as follows:

| Hypotheses | Statement | Hypothesis format |
|-----------------------------------|---|-------------------|
| Hypothesis 1 (Null) | There is a significant effect of culture on marketing strategies adopted by MNC's in Pakistan. | Directional |
| Hypothesis 2 (Alternative) | There is no significant effect of culture on marketing strategies adopted by MNC's in Pakistan. | Directional |

ELEMENTS OF THE SCIENTIFIC RESEARCH DESIGN

It is essential to have a scientific based research to get viable and valid results so we have planned the research by the following research design:

| No. | Category | Selected Element |
|-----|--|---------------------------------------|
| 1 | The purpose of the study | Descriptive |
| 2 | Type of investigation | Co relational |
| 3 | Extent of Researcher interference with the study | Minimal |
| 4 | Study Settings or the research environment | Field Study/Settings |
| 5 | Unit of Analysis | Individual |
| 6 | Time horizon | Cross Sectional |
| 7 | Data Collection Method | Communicative (Questionnaires) Method |

1. The Purpose of the Study:

Exploratory study is done when there is little research about a given topic i.e. when the phenomenon to be investigated is relatively new and little is known about it. Contrary to an exploratory study a descriptive study is undertaken when there is to ascertain and be able to describe the characteristics of variables of interest in a situation plus the direction of the relationship between the variables is also indicated. Another rationale and point of our study was to find the cause and effects relationship between culture and its respective marketing strategies therefore, our research paper was classified as Descriptive Study.

2. Type of Investigation Co relational:

The type of investigation depends upon the research topic itself. When there is a need to understand the cause and effect relationship between variables i.e. to delineate the cause of one or more problems is called a 'causal study'. When there is an interest by the researcher in delineating the important variables associated with the problem, the study is called a 'co relational study' (Uma Sekaran) *. So, for this specific research we will carry out a co relational study as we are interested in finding various variables of culture which influence the effective marketing strategies of MNCs.

3. Extent of Researcher interference with the study:

In studies conducted to establish cause and affect relationships (Causal), the researcher tries to manipulate certain variables so as to study the effects of such manipulation on dependent variable of interest. In a co relational study however, it is done in a natural environment of the organization with 'minimum interference' by the researcher with normal flow of work. So there is minimal interference by the researcher in this research paper.

4. Study settings or The Research Environment:

In a 'causal study', a 'field experiment' study settings is followed where the natural environment is the place where the research is done but the independent variable is subject to manipulation which would in turn affect the dependent variable so there is moderate interference in the study by the researcher. When the lab experiment is followed then there is maximum interference by the researcher, here in order to form cause and affect beyond the possibility of least doubt require creation of an artificial, contrived environment, in which all extraneous factors are strictly controlled (Uma Sekaran) *. In our research a totally natural environment is taken for purpose of research i.e. a totally natural flow of work is observed in order to ascertain association between cultural elements and effective marketing strategies of successful MNCs. So, in our co relational study we are following a 'field study/settings' (co relational study is carried out in field study/settings).

5. Unit of analysis:

The unit analysis can be 'dyads' where data gathered from two persons (common in studies where research is carried out among married couples). Groups can be unit as well when the research is for example in an organization in order to improve labor productivity. In this research we have decided to take the unit of analysis for 'individuals' since consumers are numerous single entities, as they are the best judges of any company's marketing strategies and products and services.

6. Time Horizon:

The time horizon can be 'longitudinal' where the research can take data from multiple points in time. This type of practice is more popular in moderate or Maximum interference is done to the natural environment (either Lab experiment or Field experiment) where there is manipulation of independent Variable(s) and the manipulations' is studied over time whenever there is a manipulation in the IV to study impact on DV. In order to study the influence of culture on effective marketing strategies of MNCs, we are following a co relational study where there is minimal interference in a field setting (natural; no manipulation) and so because we don't need to take data in multiple points in time we will be using 'cross sectional' time horizon where the data is taken in a single point in time or a snapshot of time.

7. Data Collection Method:

The data collection method that we followed was the communication process through the self-administered or self-reported instruments (Surveys or questionnaires). We used a survey method, in which we surveyed consumers from important multinational fast food chains currently operating in Pakistan like Mc Donald's and Hardees.

* Research & Methods for Businessess by Uma Sekran 4th Edition

SCOPE OF THE RESEARCH

In order to have generalizability and validity in our sample size we had limited our research to few important multinational fast food chains operating in Pakistan. Our focus was on the consumers of these multinational companies. So, in terms of large consumer size, there is an obvious representation in order to study the impact of various important cultural elements on the effective marketing strategies of MNCs in order to attract a loyal customer base. We have considered the customers of Mc Donald's and Hardees, which is a fair representation of fast food consumers' size; the sample size is of 50 people.

SAMPLING DESIGN

| Serial No. | Parameter | Description |
|------------|------------------|--|
| 1 | Population | Customers of multinational fast food chains |
| 2 | Element | Individual customers of Mc Donald's and Hardees |
| 3 | Population frame | Regular customers of big multinational fast food chains |
| 4 | Sample | 50 regular customers of Mc Donald's and Hardees |
| 5 | Subject | A single entity among the 50 customers |
| 6 | Type of Sampling | Probability Sampling: Unrestricted or simple random sampling |

1. Population:

We had limited our research to the Islamabad region. There is significant number of customers so there is adequate representation. A larger sample size would make the research manipulated because of improper sample size.

2. Element:

Every individual who is a customer of multinational fast food chains in particular has been considered an element of the population. Since every customer can provide us with true information that would ultimately help us to conduct our research in a better way.

3. Population frame:

The population frame of the research paper is the regular customer of Mc Donald's and Hardees as these customers form a larger chunk of multinational fast food restaurants in Pakistan, and thus can provide us with the relevant and reliable information.

4. Sample:

As mentioned in the scope and target population that our research was focused on the customers frequently visiting the fast food restaurants in Pakistan. The sample size is of 50 customers.

5. Subject:

A 'single' entity among the 50 customers who like to visit big fast food restaurants operating in Pakistan for not just quality food but also for a reasonable and relaxing ambiance.

6. Type of Sampling:

The type of sampling technique that we had used in this research paper was 'probability sampling' in which we followed 'Simple Random Sampling' which is the purest form of probability sampling. In this research every population element had an equal chance of being selected into the sample. The rationale for choosing this sampling technique was its easy implementation and the organizations were just selected randomly as to avoid biasness.

DATA ANALYSIS

NORMAL DISTRIBUTION

The data that we gathered is generally normally distributed with some exceptions, since in most of the instances the mean, median and mode of the items are close to each other, but in some cases they seem to vary as well. Similarly, some of the histograms show skewness above normal level but the rest are within the safe limits and also the kurtosis value for most of the items is under 1 which is a good indication but in a couple of cases the values exceeds by 1. Overall the data looks normally distributed.

INTER-ITEM CORRELATION

The tests for inter-item correlation show that most of the items are correlated in a moderate manner where as some of them are weakly correlated. For example, the correlation between TV and radio ads are more appealing than online ads vs. the preference of the Pakistani consumers to watch Pakistani spokesperson in the ads is .963, which represents a significant positive relation between the two.

Similarly, the correlation value for “consumers are more comfortable shopping when they are in direct contact with the seller” and “everyone is able to understand an ad in English” is 0.504, which shows that consumers will feel more comfortable shopping when they are in direct contact with the seller, being that the seller communicates with them in their mother tongue. For further analysis of inter-item correlation refer to the chart in appendix.

INTER-ITEM CONSISTENCY RELIABILITY

In almost all the instances, Cronbach’s Alpha can be considered a perfectly adequate index of the inter-item consistency reliability. If the value for Cronbach’s alpha is greater than 0.6 the instrument is supposed to be consistent and reliable. And for our data the value for Cronbach’s alpha is 0.972 which indicates that our questionnaire is consistent and reliable in what it is supposed to measure.

Appendix

Correlations

| | Quality is more important when buying a product | The higher the price of the product, the greater the quality |
|--|---|--|
| Quality is more important when buying a product | 1 | .869** |
| | Sig. (2-tailed) | .000 |
| | N | 50 |
| The higher the price of the product, the greater the quality | .869** | 1 |
| | Sig. (2-tailed) | .000 |
| | N | 50 |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|--|--------|----------------|----|
| Quality is more important when buying a product | 2.0800 | 1.38269 | 50 |
| The higher the price of the product, the greater the quality | 2.7800 | 1.76462 | 50 |

Correlations

| | | |
|--|---|--|
| | Quality is more important when buying a product | The higher the price of the product, the greater the quality |
| Quality is more important when buying a product | Pearson Correlation Sig. (2-tailed) N | 1 .869** .000 50 |
| The higher the price of the product, the greater the quality | Pearson Correlation Sig. (2-tailed) N | .869** 1 .000 50 |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| I would prefer to watch an Ad which has a Pakistani spokesperson as compared to of some other nationally e.g. an Indian | 1.7600 | 1.17038 | 50 |
| Ads which depict my culture are more appealing than Ads which do not. | 2.1000 | .93131 | 50 |

Correlations

| | | |
|---|--|---|
| | TV and radio Ads are more appealing than online Ads. | Everyone in Pakistan be able to understand an Ad in the English language. |
| TV and radio Ads are more appealing than online Ads. | Pearson Correlation Sig. (2-tailed) N | 1 .564** .000 50 |
| Everyone in Pakistan be able to understand an Ad in the English language. | Pearson Correlation Sig. (2-tailed) N | .564** 1 .000 50 |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| TV and radio Ads are more appealing than online Ads. | 1.7800 | 1.18304 | 50 |
| Everyone in Pakistan be able to understand an Ad in the English language. | 4.0200 | 1.16916 | 50 |

Correlations

| | | |
|---|--|---|
| | An Ad in my mother tongue is preferred rather than some other language | Communication is more effective if it is done verbally rather than non-verbally |
| An Ad in my mother tongue is preferred rather than some other language | Pearson Correlation Sig. (2-tailed) N | 1 .816** .000 50 |
| Communication is more effective if it is done verbally rather than non-verbally | Pearson Correlation Sig. (2-tailed) N | .816** .000 1 50 |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| An Ad in my mother tongue is preferred rather than some other language | 1.5000 | .70711 | 50 |
| Communication is more effective if it is done verbally rather than non-verbally | 2.0000 | 1.30931 | 50 |

Correlations

| | | |
|--|---|---|
| | I would not buy a product which has ingredients that are forbidden in my religion e.g. pork | I always check the ingredients of a particular product before purchasing it |
|--|---|---|

| | | | |
|---|---------------------|--------|--------|
| I would not buy a product which has ingredients that are forbidden in my religion e.g. pork | Pearson Correlation | 1 | .894** |
| | Sig. (2-tailed) | | .000 |
| N | 50 | 50 | |
| I always check the ingredients of a particular product before purchasing it | Pearson Correlation | .894** | 1 |
| | Sig. (2-tailed) | .000 | |
| N | 50 | 50 | |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| I would not buy a product which has ingredients that are forbidden in my religion e.g. pork | 1.1800 | .38809 | 50 |
| I always check the ingredients of a particular product before purchasing it | 2.2600 | .80331 | 50 |

Correlations

| | | |
|---|---|--|
| | Consumers are more attracted to promotions during Eid and Ramadan | I tend to shop more during Islamic holiday seasons |
| Consumers are more attracted to promotions during Eid and Ramadan | Pearson Correlation | .857** |
| | Sig. (2-tailed) | .000 |
| N | 50 | 50 |
| I tend to shop more during Islamic holiday seasons | Pearson Correlation | .857** |
| | Sig. (2-tailed) | .000 |
| N | 50 | 50 |

**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| Consumers are more attracted to promotions during Eid and Ramadan | 1.4600 | .54248 | 50 |

Descriptive Statistics

| | Mean | Std. Deviation | N |
|---|--------|----------------|----|
| Consumers are more attracted to promotions during Eid and Ramadan | 1.4600 | .54248 | 50 |
| I tend to shop more during Islamic holiday seasons | 1.5000 | .50508 | 50 |

Correlations

| | | |
|--|--|---|
| | I would easily switch to a product of other brands if I find the price of a certain product relatively high. | I prefer quality over price when deciding to purchase a product |
| I would easily switch to a product of other brands if I find the price of a certain product relatively high. | Pearson Correlation Sig. (2-tailed) N | .813** .000 50 |
| I prefer quality over price when deciding to purchase a product | Pearson Correlation Sig. (2-tailed) N | 1 .000 50 |

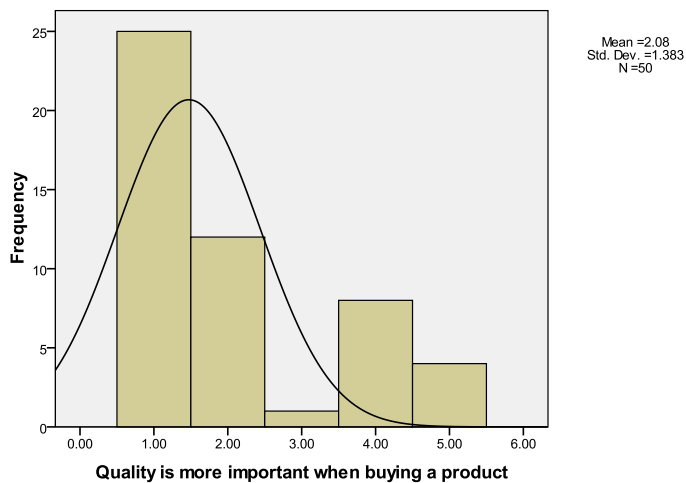
**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

| | Mean | Std. Deviation | N |
|--|------|----------------|---|
|--|------|----------------|---|

| | | | |
|--|--------|---------|----|
| I would easily switch to a product of other brands if I find the price of a certain product relatively high. | 2.4600 | 1.01439 | 50 |
| I prefer quality over price when deciding to purchase a product | 2.8200 | 1.24031 | 50 |

Quality is more important when buying a product

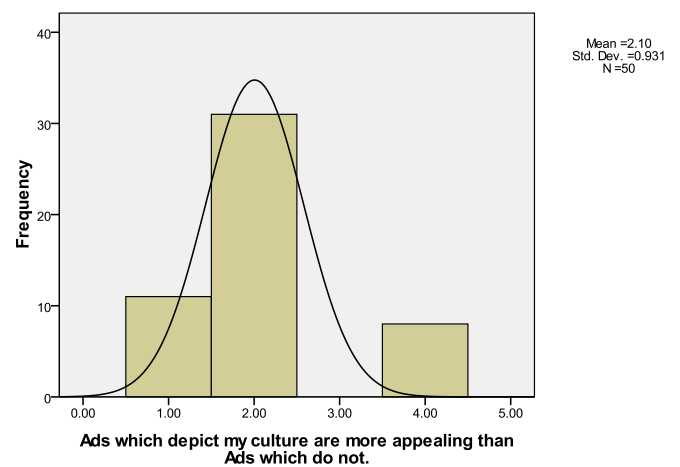


The higher the price of the product, the greater the quality

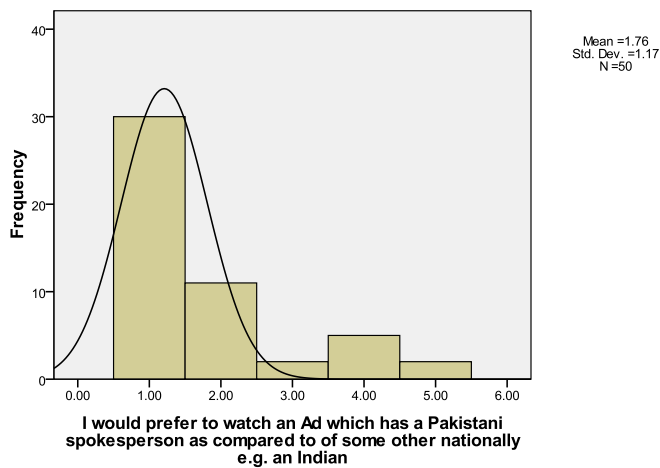


Both of these histograms show that most of the people selected choice 1 and 2 however some of the data lay outside the normal distribution curve.

Ads which depict my culture are more appealing than Ads which do not.

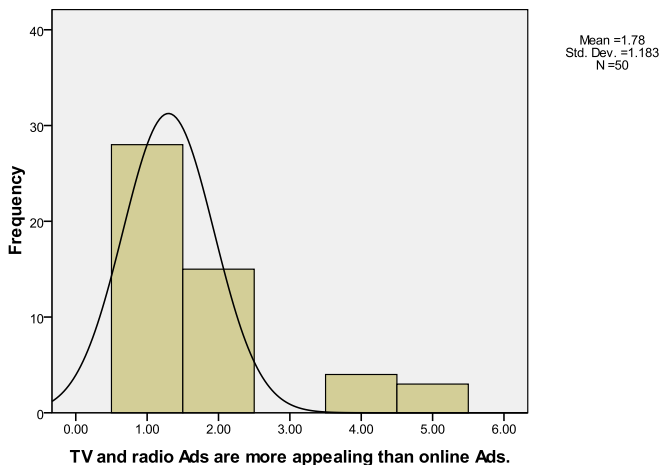


I would prefer to watch an Ad which has a Pakistani spokesperson as compared to of some other nationally e.g. an Indian

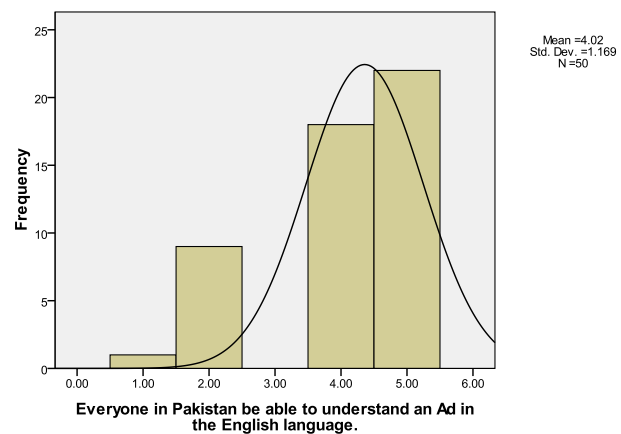


In the histogram on the left, most of people selected option 1 i.e. strongly agrees while other options are also selected by some people. The histogram on the right, is negatively worded same concept question and option 2 is selected my most people shows that results are consistent but options are reversed so most of people disagreed to this question.

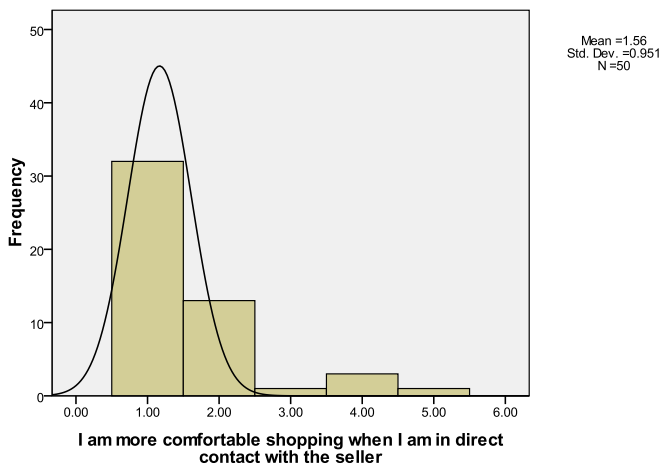
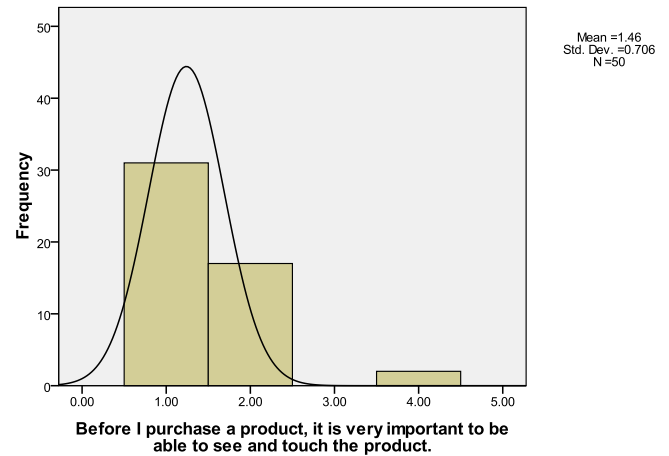
TV and radio Ads are more appealing than online Ads.



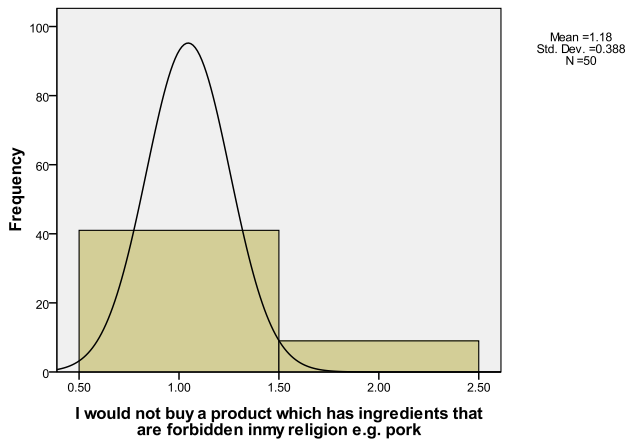
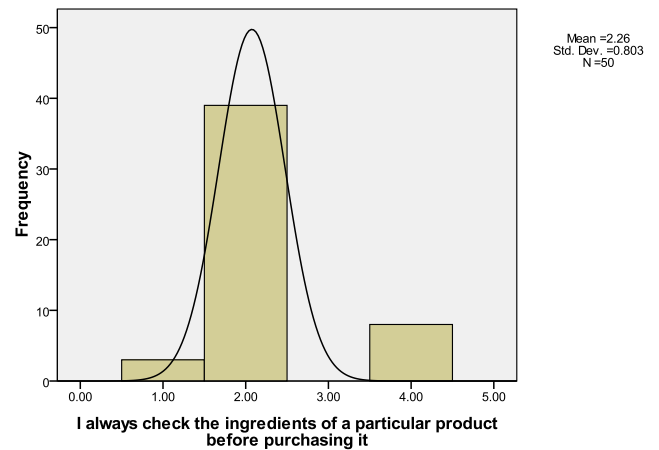
Everyone in Pakistan be able to understand an Ad in the English language.



Here, in the histogram on the left, shows that most of the people selected strongly agree and agree option but the skewness of this graph is quite low as compared to the histogram on the right, in which most of the people disagreed and strongly disagreed to the question.

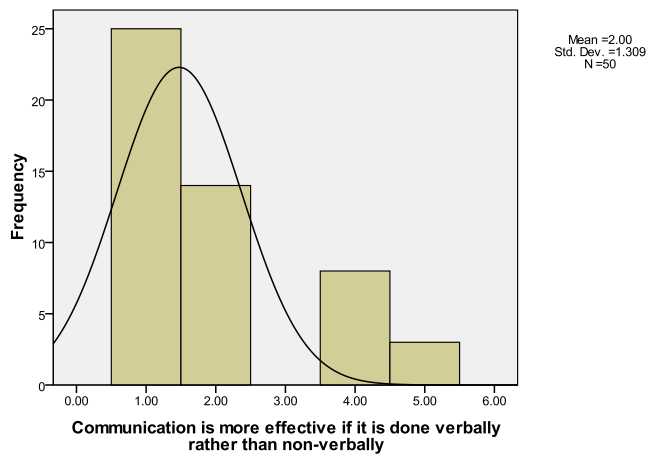
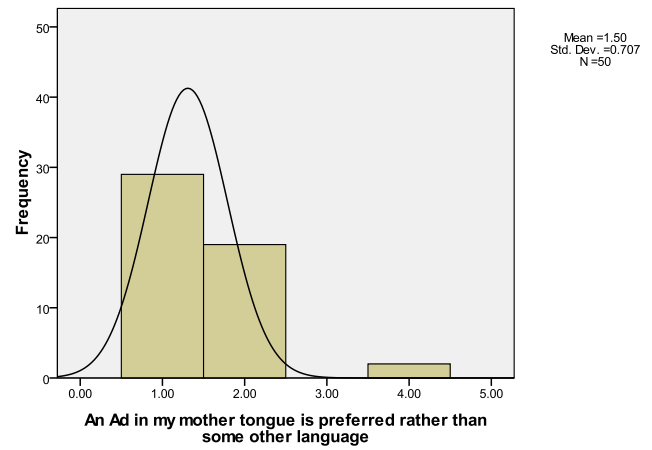
I am more comfortable shopping when I am in direct contact with the seller**Before I purchase a product, it is very important to be able to see and touch the product.**

Here, a lot of people have selected strongly agree and agree option and thus normal curve is very steep and skewness is quite low of both of the histograms. The responses given by the people show that they are more comfortable

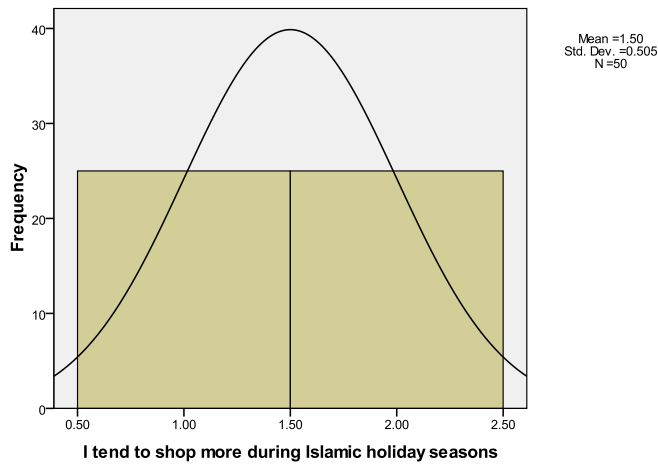
I would not buy a product which has ingredients that are forbidden in my religion e.g. pork**I always check the ingredients of a particular product before purchasing it**

shopping when they are physically present at the stores.

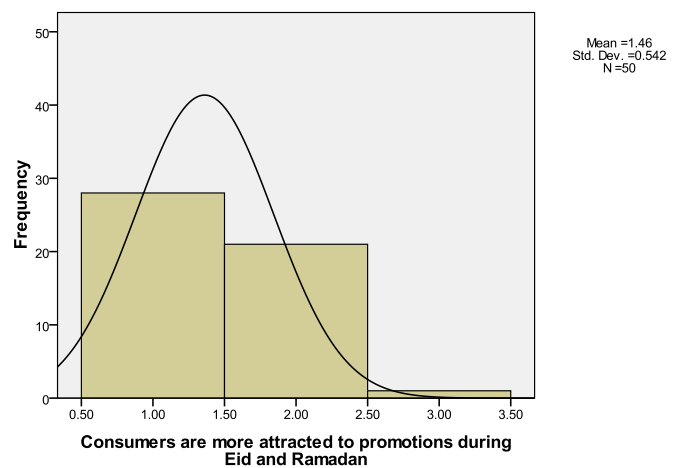
The histogram on the right has skewness which is low as compared to the histogram on the left, this is because many people have selected strongly agree (as shown in the histogram on the left) and agree (as shown on the histogram on the right).

Communication is more effective if it is done verbally rather than non-verbally**An Ad in my mother tongue is preferred rather than some other language**

A lot of people strongly agree and agree with the statement that communication is more effective if it is done verbally and almost the same number of people strongly agree and agree to the statement that they would prefer

I tend to shop more during Islamic holiday seasons**I tend to shop more during Islamic holiday seasons**

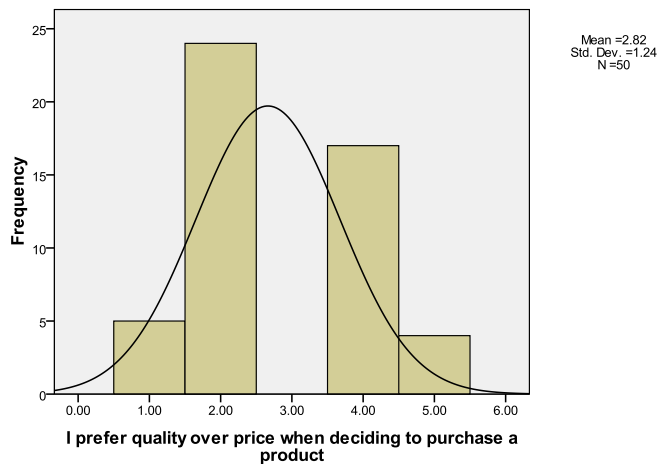
communication to be conducted in their mother tongue.

Consumers are more attracted to promotions during Eid and Ramadan**Consumers are more attracted to promotions during Eid and Ramadan**

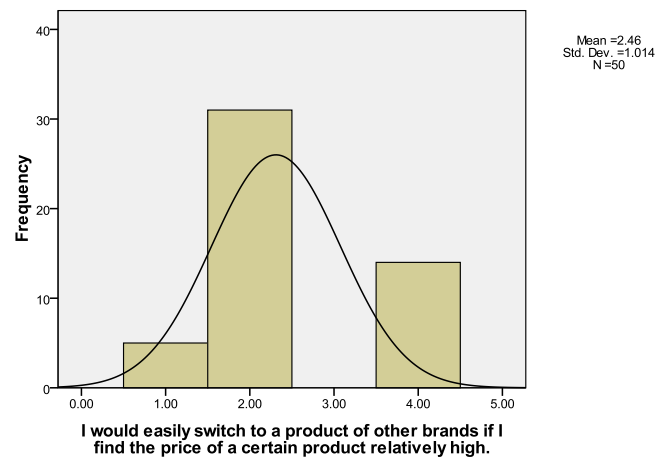
Almost half of the people are with the opinion strongly agree/agree and strongly disagree/disagree, when they are asked if they tend to shop more during Islamic holidays. Moreover, most of the respondents strongly agreed and agreed to the statement that they are more attracted to Eid and Ramadan promotions. These mixed responses give a variation in the skewness in both the histograms.

Majority of the people agree to the statement that they prefer quality over price; however, most of the respondents also agree to the statement that they would easily switch to a product if it has the same quality but is offering a lower price relative to a product that is priced higher.

I prefer quality over price when deciding to purchase a product



I would easily switch to a product of other brands if I find the price of a certain product relatively high.



Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .972 | .981 | 16 |

CONCLUSION AND RECOMMENDATION

After analyzing the results of our data on SPSS it can be said that culture plays a vital role in a society. Different set of values, beliefs, customs, and traditions, mold together to form a cultural setting. Upon conducting the surveys and the results generated from them, we have reached the conclusion that in Pakistan the customer market is willing to purchase products that fulfill their needs while keeping in mind their culture and religious beliefs.

According to our results, consumers in Pakistan like to shop for products that they are in direct contact with, especially if it is a food or a clothing product. They prefer to shop more during their festive seasons and are more price sensitive. The English language is an international language; however, due to a lower ratio of literacy in Pakistan, consumers prefer ads which are translated into their mother tongue. Since majority of the population in Pakistan practices Islam, there are certain ingredients which are considered to be forbidden in Islam and MNCs need to keep this fact in consideration. Any product which is not processed in accordance with the consumers' religion and cultural belief system would not attract Pakistani consumer attention. Verbal communication is most preferred by the consumers of Pakistan. Since, Pakistan is a developing nation; its consumers are not prone towards shopping online. TV and radio ads are most preferred by the individuals.

Overall, MNCs should keep in mind the respective cultural setting of Pakistan and incorporate effective marketing strategies accordingly.

Recommendations

We make the following set of recommendations to multinational firms for success in host countries:

1. The first step is to identify the needs and wants of your target audience and be able to find means for satisfying that particular need or want. Therefore, companies need to conduct a thorough analysis of their target customers before it decides on introducing a product into the market.
2. Multinational firms should concentrate on the production of products that are in accordance with the specific cultural settings.
3. MNCs should carefully lead their promotional programs. Promotions should be conducted on the basis of cultural settings and customer interests.

References

1. Batra, R. (1997). Marketing issues and challenges in transitional economies. *Journal of international marketing*, 5(4), 95-114.
2. Cui, G. (1997). Marketing strategies in a multi-ethnic environment. *Journal of Marketing Theory and Practice*, Vol. 5, No. 1, pp. 122-134.
3. Ekerete, P.P. (2001). The effect of culture on marketing strategies of multinational firms: A survey of selected multinational corporations in Nigeria. *Journal of African Study Monographs*, Vol. 22, No. 2, pp. 93-101.
4. Fletcher, R. (2011). The impact of culture on marketing at the bottom of the pyramid-a relationship creation and network development approach. Website. Retrieved at July 20, 2012.
5. Ford, D. (1984). Buyer-seller relationships in international industrial markets. *Journal of Industrial Marketing Management*, Vol. 13, pp. 101-112.
6. Hewett, K., Roth, M. S., & Roth, K. (2003). Conditions influencing headquarters and foreign subsidiary roles in marketing activities and their effects on performance. *Journal of International Business Studies*, 34(6), 567-585.
7. Hofstede, G. (1998). The Confucius connection: from cultural roots to economic growth. *Journal of Organizational Dynamics*, Vol. 16, No. 4, pp. 4-21.
8. Jagdish, S. (1973). A model of industrial buyer behavior. *Journal of Marketing*, Vol. 37, pp. 50-56.
9. Kotabe, M. & Okoroafo, S. C. (1990). A comparative study of European and Japanese multinational firms' marketing strategies and performance in the United States. *Journal of Management International Review*, 30(4), 353-370.
10. Lackman, L.C, Hanson, P. D, and Lanasa, M. J. (1997). Social relations in culture and marketing. *Journal of Marketing Theory and Practice*, Vol. 5, No. 1, pp. 144-152.
11. London, S.L. & Hart, T. (2004). Reinventing strategies for emerging markets beyond the transitional model. *Journal of International Business Studies*, Vol. 35, No. 5, pp. 350-370.
12. McGowan, K. M., & Sternquist, B. J. (1998). Dimensions of price as marketing universal: A comparison of Japanese and U.S. consumers. *Journal of International Marketing*, 6(4), 49-65.
13. Trompenaars, F. & Hampden, T. (1997). Riding the waves of culture: understanding cultural diversity in business. Ed. 2. Website. Retrieved at July 21, 2012.
14. Witkowski, T. H. (2005). Global challenges to marketing in developing countries: exploring the ideological divide. *Journal of Public Policy and Marketing*, 24(1), 7-23.

15. Zhang, Y. & Gelb, B. D. (1996). Matching advertising appeals to culture: the influence of products' use conditions. *Journal of Advertising*, 25(3), 29-46.