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Communication in international business-to-business marketing channels Does culture matter?

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Abstract

As business-to-business marketing channels become more international in scope, communication in channels occurs among a more diverse set of channel participants from different national cultures. Do such cultural variations influence channel communications and if so, how? This study examines these questions in international business-to-business marketing channels comprised of channel members representing different cultural contexts. The findings show that there is a relationship between culture and channel communication in international channels. This influence stemming from "cultural distance" may have significant implications as business moves into the E-commerce era of Internet-based B2B international channels of distribution.

1. Introduction

As the 21st century begins to unfold, globalization has become more than just another piece of fancy jargon of the business lexicon. In fact, globalization in the sense of firms from all over the world interacting and dealing with each other is expected to be the normal state of affairs for the majority of businesses [1]. In the industrial or business-to-business sector, this pattern may be even more pronounced because advanced communications and transportation technologies have the potential for enabling the laws of comparative advantage to be realized to a very high degree. Thus, businesses that were used to dealing with other businesses from all over the country will now seek relationships from all over the world. Internet-based B2B E-commerce, has, of course, been at the vanguard of the expected revolution in the way global business will be conducted in the future and has led to uncounted predictions of a worldwide e-business revolution where virtually all industrial firms will be linked together in a gigantic electronic global network [2,3].

Yet, this scenario seems a bit too simplistic. All of the hype about global B2B E-commerce, networks, hubs, electronic auctions, etc., implies that the only thing standing in the way of electronically linked businesses on a global scale is the right technological hardware and software that, once put in place, will have global businesses operating with the precision and reliability of a Swiss watch. After all, this technocentric view suggests that the only difference between operating around the block or around the world is geographical distance. Therefore, it is just a matter of having the right satellites, telecommunications networks, and supply chains in place to solve this problem of distance [4].

The purpose of this article is to show that there is more to distance in global business-to-business relationships than mere geography. Distance can also be defined in terms of culture so that one can think of "cultural distance" as a challenge that must be addressed by businesses from different countries around the globe who seek to deal with each other.

2. Culture and cultural distance

In an era of relatively instantaneous contact between organizations across the seemingly shrinking globe, why should one consider cultural distance at all? Simply because culture affects virtually all of human behavior [5,6]. For example, culture has been defined as "the software of the mind" [7]. Hofstede's [8] extensive research on culture has helped conceptualize one of the most popular theories of cultural types, as evidenced by well over 1000 citations from *Cultural Consequences* reported in the Social Science Citation since 1980. His approach to culture initially iden-

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tified four underlying value dimensions: (1) individualism vs. collectivism, (2) large vs. small power distance, (3) strong vs. weak uncertainty avoidance, and (4) masculinity vs. femininity (a fifth dimension, long- vs. short-term orientation was added later).

Another framework for the understanding of culture was developed by Trompenaars and Hampden-Turner [9]. It was based on 50,000 cases of managers from multinational and international corporations from over 100 countries. In their approach, cultures differ in the specific solutions they choose to problems. They then identify cultures based on seven fundamental dimensions. Their approach is similar in some respects to Hofstede's dimensions.

While the above approaches are relevant to the development of many types of managerial strategies and tactics, this study is concerned specifically with communication issues. An approach to national culture that was developed by the cultural anthropologist Hall is, thus, appealing in this context [10–12]. In fact, Hall declared that "culture is communication" [12]. If a person is to communicate effectively with someone from another culture, he/she must be able to "decode" the message properly. Without such a code-breaker, two people from different cultures may see or hear the same message but may screen that message very differently by unconsciously ignoring or increasing the importance of various parts of the message. In addition, one may interpret the message content differently, "seeing" or "hearing" the message so that it is consistent with his or her cultural norms. Both the sender and the receiver of a message are products of their own fields of reference or expertise, that is, the sender has been socialized given his or her own external cultural environment, as has the receiver. The less these two fields of experience or reference overlap, the more "distant" one person's cultural background is from another's, and the more difficult clear communication and understanding is between the two [13].

Hall's low- (LC) and high-context (HC) dichotomy provides a simple two-category basis for grouping the cultures of many different countries to help understand the hidden codes in communication. In his framework, in LC cultures, most of the information flowing between sender and receiver is contained in the message itself. Consequently, the message needs to be explicit and detailed because each party will rely almost solely on the information contained in the message itself. On the other hand, in an HC culture, less explicit and detailed information is carried in the message itself. Instead, the sender and receiver rely more on the context of the communication process to convey the message. Consequently, the human element and personal relationships tend to play a much larger role in communication in HC cultures. The cultural context (HC vs. LC), therefore, may have an impact on how many messages are sent between marketing channel partners to achieve effective communication (frequency of communication) as well as the type, or form, of the messages themselves. Commonly cited examples of countries characterized by LC cultures are the United States, Germany, and Switzerland. Examples of countries with HC cultures include Brazil, Japan, and Mexico (see Table 1).

Table 1
Countries categorized as low context and high context

Low-context countries	High-context countries
Australia	Argentina
Austria	Brazil
Belgium	China
Britain	Israel
Canada	Italy
France	Japan
Germany	Korea
New Zealand	Mexico
	Spain
	Turkey

Communication issues have been extensively researched by business scholars and the link between culture and communication has been reviewed [14], yet most efforts addressing the importance of communication across cultures have been primarily conceptual. It is accepted that it is an important facet of marketing channels [15] and effective communication in marketing channels is difficult enough to achieve in domestic marketing channels where culture is relatively homogeneous. Therefore, this paper addresses the question, does greater cultural distance make even more of a difference in how channel partners communicate in international marketing channels?

3. Hypotheses

As long as channel members from LC or HC cultures deal with foreign marketing channel partners from similar LC or HC cultures, the cultural distance between the two will be relatively small and, hence, few communication problems based on cultural distance are likely to appear in the marketing channel. However, as is so often the case in international business, marketing channel partners often come from both LC and HC cultures (e.g. the US and Brazil, the US and Japan, the US and Mexico). Thus, the cultural distance may be relatively large and may become a crucial issue in developing an effective and efficient flow of communication in international channels of distribution. For example, what may appear to be a routine E-mail concerning a delivery date from an LC channel participant in the US to an HC participant in Japan may not be so routine at all if the Japanese partner does not feel comfortable with the terse style of the E-mail format so commonly used by LC US firms. Indeed, if the Japanese channel participant has not already established a person-to-person relationship whereby the relevant executives from each firm have met each other on a face-to-face basis, little regard or trust may be placed in the E-mail message by the Japanese recipient. Such culturally based discomfort with or even lack of trust in formal