



The Impact Of National Culture On Marketing Strategies Of LADA Company's Dealers In Uzbekistan

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ABSTRACT

This research looks at the national cultural factors that affect Lada company's marketing strategies in all regions of Uzbekistan. For data collection, this is an exploratory analysis focused on interviews and questionnaires of 39 marketing and sales managers. Content analysis and coding techniques were used to interpret the data. The results show that the studied national cultural influences have an effect on marketing campaigns at various levels. Six considerations affect sales campaigns, while power distance and uncertainty avoidance influence new product release the most. By far the most influential cultural influence on communication and advertisement campaigns is language. The results suggest that when entering the Uzbek market, managers can design and implement better business strategies. This study adds to our understanding of Uzbek culture and its effect on customer behavior, a crucial element in marketing.

KEYWORDS

Hofstede's dimensions, Uzbekistan, Marketing strategies, National culture

INTRODUCTION

Marketing strategies of organizations are significantly influenced by national cultural factors. Despite the fact that there are several

cultural factors that has an influence on the marketing strategies of other types of businesses, in this research only six national

cultural aspects, which are considered to have crucial importance to marketers is analyzed. Therefore, Hofstede's three factors from the national cultural framework including uncertainty avoidance; power distance; long-term orientation as well as three others known in the literature on national culture such as language, religious beliefs; ethnic values, are the form of local part of current research.

LITERATURE REVIEW

The Impact of Uncertainty Avoidance on Marketing Strategies

Customers who have high uncertainty avoidance index culture are pertinent about payment of the right price for offered service or product. Consumers in such an environment, according to Roozmand, Ghasem-Aghaei, Nematbakhsh, Baraani, and Hofstede (2011), are more likely to buy high-quality goods and services so as to lessen the danger of losing money during transactions. In the same way, Hofstede, Jonker and Verwaart (2008) emphasize on how setting correct price for this category of customers is important. These findings cannot be applied to all marketing media, particularly in markets where quality is in high demand. There are differences in how companies manage customer loyalty programs and sales promotions, and this is where cultural dimensions are used to shape loyalty strategies (Liu and Yang, 2009).

The Impact of Power Distance on Marketing Strategies

People's rights and responsibilities are determined by their power distance. People with high power often result in an effective direction (Brettel, Engelen, Heinemann and Vadhanasindhu, 2008). According to Soares, Farhangmehr, and Shoham (2007), power distance is a dimension that has a profound influence on customers' actions and decision-making process. Owing to high inequality in community, customers readily agree that the contents of sales promotions can vary from one buyer to the next (Kwok and Uncles,

2005). There is widespread consensus that loyal customers should be rewarded with extra benefits, whether monetary or otherwise. The way promotional activities are conveyed is influenced by power distance (Darley and Blankson, 2008). The popularity of celebrities in ads, according to Amos, Holms, and Strutton (2008), is attributed to their power and control over customers.

Impact of Long-Term Orientation on Marketing Strategies

People's long-term orientation decides whether they are looking for long-term results or immediate results. According to Yucel-Aybat (2014), although some customers might want to appreciate a product's immediate result, others may be content to enjoy it later if it means saving the best for last. A customer's loyalty behavior is unaffected as long as they are secure in paying the correct price. According to Mujtaba, Mohd, and Olayemi (2013), long-term orientation culture has an effect on the "relationship between confidence, personalization, and customer satisfaction in the banking sector" from a relationship marketing perspective (p.125). Claycomb and Martin (2001) found that in a long-term-oriented society, bank customers are more interested in savings and investments because they reap the benefits over time. Customer satisfaction and a company's ability to retain it are two big concerns of loyalty and long-term orientation.

The Impact of Language on Marketing Strategies

Each culture, according to Umoren (1996), has connection with a language and it's one of the most obvious indicators of cultural identity. According to Lovelock (1999), in a world

marketing strategy, corporate design stays constant, but language variance is an exception. Similarly, Pride and Ferrell (1985) claim that language has a significant effect on marketing strategies such as new product creation, advertising, and sales because of its many expressions (body language, colors, greetings, etc.). Language, according to Popovici (2011) and Tian and Borges (2011), is the most significant barrier to advertising. In China, the KFC slogan "Finger-lickin' good" was mistranslated as "We'll eat your fingers off," and in Taiwan, the Pepsi slogan "Come alive with the Pepsi Generation" was mistranslated as "Pepsi is bringing the ancestors back to life," which makes it appear to be an offence. "Advertising appeals that clearly demonstrate comparisons of goods are likely to be seen as less than tactful and, therefore, improper" from an Asian culture perspective rather than from an American culture viewpoint, according to Darley, Luethge, and Blankson (2013, p.197).

The Impact of Religious Beliefs on Marketing Strategies.

Different research on the effect of religious views on marketing have been conducted (Luqmani, Yavas and Quraeshi, 1987; Michell and Al-Mossawi, 1999; Gardner, 1985). Essoo and Didd (2004) argue that religious values influence consumers' buying behaviour attitudes, naming Catholics and Hindus as examples of people who seem to be more relaxed with low prices, sales deals, and store credit than Muslims. Furthermore, they claimed that in a Muslim cultural environment, new product creation and innovations are more likely to succeed than in a Catholic cultural environment. Essentially, consumers' religious traditions provide a significant "basis for positioning goods and designing

advertising strategies" (Essoo and Dibb, 2004, p.689). Religious factors, according to Al-Hyari, Alnsour, Al-Weshah, and Haffar (2012), can transform consumers from loyal to deliberate boycott attitudes. Following the publication of caricatures of Prophet Mohammed in a Danish newspaper, numerous Muslims were urged to boycott goods of Danish (Knight, Mitchell and Gao, 2009).

The impact of ethnic values on marketing strategies.

Velioğlu, Karsu, and Umut (2013) describe ethnic marketing as a company's ability to adapt its marketing strategies to the needs and desires of a subculture. In the Canadian context, Laroche, Chung Koo, and Clarke (1997) investigated the effect of ethnic values on short- and long-term sales promotions. Consumers are involved in sales promotions, whether for short- or long-term offers, according to their research, and their ethnic values have an influence. Furthermore, they discovered that, in comparison to the French-speaking community, ethnic values for the English-speaking community have a significant impact on long-term deal interest. Pricing strategies geared toward ethnic groups have a negative effect on trading, according to Levine et al. (2014), while price bubbles increase trading in diverse markets. It is noteworthy that Sekhon and Szmigin (2009) acknowledge a limitation of the impact of ethnic values on consumers' behaviour. They found that most of the consumers belonging to specific ethnic communities are influenced by their work place or by the social networks they have built and which are not related to their cultural considerations.

METHOD

The triangulation approach was used to gather and analyze both quantitative and qualitative data for this research. According to Easterby-Smith, Thorpe, and Jackson (2008), this mixture should be considered complementary rather than supplemental approaches. The participants (seventy-eight in all, based on convenience sampling) were selected for their ability to control marketing campaigns at their respective companies. As such, respondents of the survey were marketing and sales managers working at dealerships of Lada company from various regions of Uzbekistan including (Tashkent, Andijan, Fergana, Samarkand, Bukhara, Navai, Khorezm, Jizzakh, Sirdarya, Surkhandarya, Kashkadarya, Namangan and Karakalpagistan Republic). The aim was to gather substantive data and summarize the results in order to answer the study questions. The interviewer prepared a list of seed questions and sent an introductory email to all participants to update them on the goals and objectives of the interview and the research in an effort to make each interviewee feel as relaxed as possible. The key 3 marketing managers and 75 sales managers were then sent a questionnaire to assess the degree to which the most important national cultural influences found during the interviews influenced their marketing strategies. The respondents were asked to include suggestions that could shape marketing

campaigns when taking into account national culture in the questionnaire's final segment. The questionnaire, which was focused on interview answers and ranked from very low to very high, was created to determine how cultural influences influence marketing strategies. The questionnaire was designed using the Google Form tool (<https://docs.google.com>) and respondents were required to assess how each of the six national cultural factors impact each marketing strategy. Face-to-face interviews (3) were conducted in Tashkent and Bukhara since originally author is from Bukhara but works in Tashkent. The remaining interviews were conducted over the phone with sales and marketing representatives from other regions.

RESULTS

Cultural Factors Influencing Lada Company's Marketing Strategies in Uzbekistan

Most of those interviewed indicate that marketing strategies undertaken by Lada company in Uzbekistan are influenced by religious beliefs, language, ethnic values, loyalty, inequality and hierarchy in the society, tolerance to risk and the willingness to take risk. The majority of interviewees mainly describe a society where marketing strategies are influenced by Islam, long-term orientation attitudes, languages, ethnic values and social hierarchy.

Strategy of Pricing

Table 1. Influence of culture on pricing approach

	very low	low	neutral	high	very high
Language influences pricing strategy	30	28	14	4	2
Religious beliefs influence pricing strategy	14	44	10	4	6
Ethnic values influence pricing strategy	22	40	8	4	4
Inequality and hierarchy in society influence pricing strategy	0	4	2	44	28
Tolerance to risk and willingness to take risk influence pricing strategy	2	6	4	46	20
Long-term orientation culture affects pricing strategy	4	6	4	40	24

According to more than 80% of the respondents, power gap, ambiguity avoidance, and long-term orientation are the cultural considerations that have a significant impact on pricing strategies. Inequality and hierarchy in society are seen as the most influential factors (more than 90 percent). Tolerance to risk and ability to take risk are affected by pricing strategies, according to 66 out of 78 respondents (85%), and long-term orientation culture is influenced by pricing strategies, according to 82 percent of respondents. Table I also shows that only a small percentage of

respondents (about 1%) believe languages, religious views, and ethnic factors have an effect on pricing. A large majority of 92 percent believe that language has no bearing on pricing strategies, 90 percent believe that pricing strategies do not take religious views into consideration, and 88 percent believe that ethnic traditions have no bearing on pricing strategies.

Communication and Advertising

Table 2. Influence of culture on advertisement and communication

	very low	low	neutral	high	very high
Language influences communication and advertising	0	2	0	20	56
Religious beliefs influence communication and advertising	2	4	4	44	24
Ethnic values influence communication and advertising	6	4	6	36	26
Inequality and hierarchy in society influence communication and advertising	30	28	12	6	2
Tolerance to risk and willingness to take risk influence communication and advertising	40	24	6	4	4
Long-term orientation culture affects communication and advertising	30	36	8	2	2

Language, religious views, and ethnic traditions all have a 'large' to 'very high' effect on contact and advertisement, according to Table 2. (80 percent). Language has the greatest impact on networking and advertisement campaigns, according to almost half of

the respondents (76 out of 78). Table 2 also shows that relatively few respondents believe that societal inequalities and hierarchy, long-term orientation, and risk aversion have a significant effect on pricing strategies.

Sales promotion

Table 2. Influence of culture on Sales promotion

	very low	low	neutral	high	very high
Language influences sales promotion	4	4	22	30	18
Religious beliefs influence sales promotion	6	8	12	34	18
Ethnic values influence sales promotion	6	10	6	38	18

Inequality and hierarchy in society influence sales promotion	2	6	10	44	16
Tolerance to risk and willingness to take risk influence sales promotion	4	14	18	24	18
Long-term orientation culture affects sales promotion	2	2	0	52	22

In many cases, Table 3 is eye-opening. To begin with, it indicates that more than half of the respondents (97%) rate all six cultural factors as "good" or "very high," with long-term orientation being the most significant. Second,

the national cultural considerations that have the least impact on sales marketing tactics are risk tolerance and ability to take risks.

Introduction of New Products

Table 4. Influence of culture on new product introduction

	very low	low	neutral	high	very high
Language influences introduction of new products	30	28	10	4	6
Religious beliefs influence introduction of new products	10	22	22	16	8
Ethnic values influence introduction of new products	20	26	8	20	4
Inequality and hierarchy in society influence introduction of new products	6	4	4	46	18
Tolerance to risk and willingness to take risk influence introduction of new products	2	2	8	40	26
Long-term orientation culture affects introduction of new products	16	18	10	22	12

Table 4 reveals that new product launch is primarily influenced by two cultural factors: societal inequality and hierarchy, and risk aversion and ability to take risks. More than

80% of the participants agree that these two cultural influences had a substantial effect. About all agrees that language has a minor effect on the launch of new products.

Loyalty Programmes and Strategies

Table 5. Influence of culture on loyalty programmes

	very low	low	neutral	high	very high
Language influences loyalty programmes and strategies	30	36	28	4	2
Religious beliefs influence loyalty programmes and strategies	2	4	10	44	18
Ethnic values influence loyalty programmes and strategies	6	2	6	40	24
Inequality and hierarchy in society influence loyalty programmes and strategies	16	24	16	12	10
Tolerance to risk and willingness to take risk influence loyalty programmes and strategies	24	28	8	8	10
Long-term orientation culture affects loyalty programmes and strategies	6	8	4	34	26

The three cultural influences that have a major effect on loyalty programs are religious views, ethnic traditions, and long-term orientation, as seen in Table 5. On any of these cultural influences, more than 75% of participants suggest that it has a substantial effect. Language is only mentioned by less than 1% of participants when it comes to describing loyalty programs.

Improving Lada Company's Marketing Strategies in Uzbekistan Through the

Influence of National Cultures – Interviewee Recommendations

Pricing Strategies

According to the majority of interviewees, three cultural factors influence pricing strategy: power distance, uncertainty avoidance and long-term orientation. Interview results suggest that pricing strategy can be improved by leveraging on inequality in the society and defining many different pricing models. Interviewee from Bukhara says: “We have many different prices for our cars and

services. Prices are tied to offers which are built based on the social position. We propose premium price for leaders and high influencing people with premium services, while we do have standard and low prices for basic services” Uncertainty avoidance enables firms to improve the pricing model for new services by setting a lower price when launching a new service. According to one of the interviewees, setting a lower price on cars can remove the uncertainty. Some interviewees state that when customers are long-term oriented, the pricing strategy is to reduce prices or propose discount to enhance and increase subscription on long term basis. On the other hand, for markets scoring low on long-term orientation, the price is relatively higher to ensure revenue in the short run.

Communication and Advertising

Results suggest that communication and advertising can be improved by translating the message to fit the local language. This is illustrated by the below two responses from two interviewees of Lada company: some of the messages in advertising must be translated in Uzbek language since not everyone knows the terms about the complete set of cars (e.g., classic, standard, comfort, luxe, luxe prestige, luxe multimedia and so on). Communication and advertising strategies can be improved as well through religion and ethnic values. Advertising should not criticize religious beliefs or ignore ethnic values. Anything that can create confusion and interpretation towards religious beliefs and ethnic values should be removed from the communication and advertising strategies.

¹ https://en.wikipedia.org/wiki/Islam_in_Uzbekistan

Sales Promotions

Almost all interviewees agree that the five cultural factors (language, religious beliefs and ethnic values, power distance, uncertainty avoidance and long-term orientation) influence sales promotions. For example, one respondent states that religious beliefs and ethnic values makes it possible to target and reach specific consumers whose shopping behaviours are significantly impacted by these two mentioned cultural factors. An Interviewees from a Bukhara and Samarkand say: “We run most of our promotion in Tajik, the dominant local language, both in rural and urban areas. We select some local people to go to meet consumers at their houses and present the promotions. As many people language Tajik, it makes it more efficient to present sales promotion in their language”. Another Interviewee says: “We do have big sales promotions during Ramadan’s and Eid’s days. As the country is almost 90% Muslims, it was evident to implement such promotions during these periods¹. It was actually the best times for promotions, not during Christmas as it could be in others places”.

New Product Introduction

The findings show that power distance and uncertainty avoidance are cultural factors influence the introduction of new products. A high number of the respondents state that new product introduction strategy can be improved by using the inequality in the society and introduce the product to high income earners first, usually called VIP customers. By doing so, firms are able to get buy-in from these top consumers, and can expect that

followers will adhere (or not) to the product. The majority of the interviewees also suggest that uncertainty avoidance impacts negatively on the introduction of new products. Therefore, they suggest that to improve new product introduction strategy in a market with high level of uncertainty avoidance, the strategy must be aligned with a well-defined pricing that will encourage the consumer to buy the new product. They state that even if there is uncertainty for product, if the price is reasonable, consumers are still willing to buy it.

Loyalty Programmes

Interview results suggest that religious beliefs, ethnic values and long-term orientation are cultural factors influencing loyalty programmes. Loyalty programmes can be improved by leveraging on religious considerations and ethnic values to win the loyalty of many customers, especially in a country with high degree of ethnicity and religious beliefs. Most of the interviewees also agreed that long-term orientation can be used to improve loyalty programmes strategy. Customers that live in countries scoring high in long-term orientation emphasize on short term outcomes, so loyalty programmes are designed to propose short term outcomes. For example, loyal consumers can enjoy additional bonus or discounts on a daily or weekly basis.

CONCLUSION AND IMPLICATIONS OF THE STUDY

This study suggests that three cultural factors influence pricing strategy: power distance, uncertainty avoidance and long-term orientation. As such, advertising should not criticize religious beliefs or ignore ethnic values. Almost all interviewees agree that the

five cultural factors (language, religious beliefs and ethnic values, power distance, uncertainty avoidance and long-term orientation) influence sales promotions. The findings show that power distance and uncertainty avoidance are cultural factors influence the introduction of new products. The majority of the interviewees also suggest that uncertainty avoidance impacts negatively on the introduction of new products. Interview results suggest that religious beliefs, ethnic values and long-term orientation are cultural factors influencing loyalty programmes. Loyalty programmes can be improved by leveraging on religious considerations and ethnic values to win the loyalty of many customers, especially in a country with high degree of ethnicity and religious beliefs. There is also strong agreement that long-term orientation can be used to improve loyalty programmes strategy. Customers who have high score in long-term orientation, emphasize on short term outcomes, so loyalty programmes are designed to propose short term outcomes. The findings from the fieldwork and the literature reviewed concur that pricing strategy is influenced by uncertainty avoidance. From the long-term orientation perspective, the literature does not attribute a clear-cut relationship between long-term orientation index and pricing strategy. This study suggests that long-term orientation influences pricing in two ways. This finding suggests then that low price should be the strategy for market with high long-term orientation culture. When religious beliefs and ethnic values influence pricing, it is firstly because these cultural factors impact consumers shopping behaviour, and secondly because communities are most of the time grouped based on religious beliefs or ethnic

values, enabling firms to target a range of consumers. Communication and advertising are mainly impacted by language, religious beliefs and ethnic values. Power distance has significant impact on sales promotions for new product introduction. The paper does not include the other three national cultural factors from Hofstede's cultural dimensions: individualism–collectivism, masculinity–femininity and indulgence. However, the authors, while acknowledging that these factors also impact consumers' behaviour, view that the ones considered in this paper are the most significant factors for the context of the study. Another limitation lies in the fact that the study does not look at the interaction between national cultural factors, but instead considers them separately and evaluates their impact on consumer behaviour separately. Nonetheless, the study has shown an interesting relationship between national culture and marketing strategy in the Uzbek context and the study leveraged on the diversity of the participants to give credit to the data collected. The results of this study have a number of practical implications. The conclusions of the paper work allow managers to better design and implement marketing strategies in the Uzbek business context. This paper also extends knowledge of Uzbek culture and its impact on consumer behavior and marketing strategies, which are important for the marketing literature and research work within Uzbek context.

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