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**Marketing strategies of multinational enterprises and their adaption to
culturally distant host countries**

A dissertation

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by

Ntandokayise Mdladla

MDLNTA002

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Supervisor: John Luiz

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ABSTRACT

This research study explored how multinational enterprises (MNEs) adapt their marketing strategies to the level of cultural distance in their host countries. The research topic is relevant today as companies continue to expand their reach and enter countries which may have a high level of cultural distance compared to the home country. The research explored the marketing strategies of MNEs, for instance how different organisational communication structures such as a centralised and decentralised approach can impact the marketing communications of a company and their adaptation to different levels of cultural distance in host countries.

To gain a more in-depth understanding, a qualitative and exploratory research was undertaken, and the case study approach was selected in analysing an advertising campaign in West Africa. Semi-structured interviews were conducted with experts within the marketing industry and employees within an MNE.

The findings showed certain themes that came up in relation to the topic as found through the interviews. These included the generational difference in views on culturally or racially insensitive advertisements, how social media has possibly fuelled sensitivity to such advertisements, how the composition of the team could impact a company's ability to adapt to countries with a high level of cultural distance, and how the organisational structure of a company can impact the marketing communications of the company. It was found that a company's ability to adapt their marketing strategies to countries with a high level of cultural distance is also dependent on many factors, as identified in the themes previously listed, and to look at just the cultural distance in the Hofstede's model in isolation may prove more as a way an MNE may start to understand the impact of cultural distance and not an overall way in which to understand its impact on the marketing strategies.

Culture distance is a topic that shall remain relevant to businesses that continue to expand their operations into different countries of the world. Therefore, this research explored how MNEs can adapt to the level of cultural distance and its role in their marketing strategies.

Keywords: Multinational enterprise, culture, cultural distance, marketing strategies, and diversity.

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LIST OF ACRONYMS

FMCG	fast moving consumer goods
HQ	headquarters
IMA	international marketing agility
MAS	masculinity-femininity
MNE	multinational enterprises

1. INTRODUCTION

1.1. Research problem and purpose

Over the past few decades, market globalisation has increased and this phenomenon is due to factors such as the opening of previously closed economies which include India, South Africa, China, Latin America, and Eastern Europe (Steenkamp, 2019). The opening up of economies has meant that the business environment has become significantly more dynamic and encompasses a variety of characteristics that businesses who operate internationally will have to encounter and deal with, one of these being culture which has become a significant influence on international marketing (Darley et al., 2013). Cultural diversity and international diversification can be advantageous to MNEs as it could increase their market performance (Gomez-Mejia & Leslie, 1997). Ultimately, culture will play a vital role in a multinational organisation's marketing capabilities and their performance in foreign markets. International businesses will encounter many cultures and demographics in which they will have to sell their product or services. Thus, it is important to adapt their marketing strategies, if need be, to the level of diversity and culture within the host country when marketing their products and services to consumers in different countries.

The purpose of this research was to investigate, understand, and establish the relationship between the level of cultural distance and how MNEs adapt their international marketing strategies to host countries with high levels of culture and diversity. Additionally, this study also aimed to identify how and why racially and/or culturally insensitive advertisements are broadcast, and whether this is because of MNEs not understanding the level of culture in a country, or if it is due to a breakdown in communication between headquarters (HQ) of a firm and its subsidiaries.

1.2. Research context

With the emergence of globalisation over the decades comes the challenge of the international dimension of marketing and what that entails for international businesses and MNEs (Onkvisit & Shaw, 2008). The importance of international marketing, also referred to as global marketing, to international businesses has continued to grow over the years (Green & Keegan, 2015). As time has gone by, culture has become a significant factor in which MNEs have to consider when marketing, especially on an international basis, as they encounter a multitude of

cultures (Darley et al., 2013) . Thus, the measure of cultures and their impact on international marketing is a topic that is relevant to businesses operating internationally. It is has become increasingly important for consumers of products or services to see their reference groups use products and be represented correctly, as this plays a role in their acceptance of the product or service (Sheth, 2020). Therefore, if an MNE were to broadcast an advertisement that is deemed racially or culturally insensitive, they are likely to experience a significant amount of backlash which may tarnish their brand image. This would negatively impact their current and potential consumers' perception of the company.

Therefore, the purpose of this research was to investigate how and why such advertisements are broadcasted. The aim was to identify whether there is a breakdown in communication that leads to these types of advertisements being produced, and where such a breakdown occurs. The aim of this research was thus to explore the impact of culture on international marketing strategies of MNEs, more specifically how they adapt their marketing strategies to cultural distance. Culture remains an important factor because it impacts how individuals, groups, and organisations interact and connect with each other (Luiz, 2015).

For firms and companies that wish to expand their operations into countries which have significantly different cultural, religious, or racial characteristics that are intrinsically different to the HQ, it will be vital for the company's success to evaluate and understand a specific country's characteristics, such as culture. MNE and international firms continue to expand their operations into countries all over the world; thus it is important for companies to evaluate and understand the complexities of the culture and ethnic groups of the different countries into which they expand. A failure to do so could lead to a breakdown of communication and consumer insight which could prove fatal to the company's success in that foreign market.

1.3. Research questions

There is literature and studies that address the influence of culture and cultural differences on the international marketing strategies of international business (Darley et al., 2013). However, more research needs to be conducted on how MNEs can adapt their current international marketing strategies to the level of cultural distance in their host countries. Therefore, the research aimed to answer the following question:

How do MNEs adapt their marketing strategies and organisational structure to host countries with a high level of cultural distance?

The sub-question below is fundamental for the research as it adds more insight into the main research question as it delves into the different aspects that relate to the adaptation of international marketing strategies. The sub-question is stated as follows:

How does the structure of the organisational activities and communication between the headquarters in the home country and the host country influence the marketing strategies developed?

1.4. Significance and contribution

By answering the above questions, this research relates to and will contribute to different fields of literature. The first is literature on culture and international marketing. The study of the impact of culture on international marketing is not relatively new; however, the research wishes to contribute to the existing literature by addressing the role of cultural distance on international marketing strategies of MNEs. Secondly, the research will contribute to existing literature on the influence of culture and cultural distance on how activities, specifically marketing, are coordinated and allocated between the home country and host country. Finally, the research is significant as it will address how culturally insensitive advertisements are produced and deployed by MNEs, and investigate whether certain factors like the level of cultural distance or the organisation of activities influences the production of such advertisements. Although culture has already been identified in literature as having a significant influence on international marketing strategies of firms, there are still culturally insensitive advertisements that are produced by companies.

1.5. Delimitation and research assumptions

There are four limitations of this research that focused on MNEs mainly in the (fast moving consumer goods) (FMCG) and retail industry that operate internationally. Although the research was aimed at a specific industry, it gathered primary data from one selected MNE in the FMCG or retail industry. The research aimed to explore the marketing strategies implemented by MNEs; therefore, it was important to only interview individuals who had significant knowledge of the marketing industry and who had worked in it for many years.

Additionally, since a case study approach was taken for the research, when examining the operational structures of an MNE, the individuals to be interviewed had to be from within that company.

1.6. Definition of key terms

The following terms are fundamental for the understanding of the research:

International business – Examines how organisations engage in international economic activities across different borders (Meyer & Peng, 2019).

Multination enterprises (MNE) – An MNEs can be regarded as one of the important factors of international business and are described as firms which participate in foreign direct investments (FDI) through directly investing in, controlling, and managing value-added activities in countries across the world (Meyer & Peng, 2019).

Cultural distance – The difference in values, shared norms, and behaviours between two countries (Malik & Zhao, 2013).

Culture – A set of beliefs, values, and behaviour that is shared amongst a group of people or a particular society (Lebron, 2013).

1.7. Ethical considerations

Since this research involved the interviewing of employees and managers from the host and home country of a certain MNE, as well as marketing experts outside the company, it was important to obtain ethical clearance from the Ethics in Research Committee at UCT. The following considerations were adhered to throughout the duration of this research:

- i. Obtaining informed consent and voluntary participation from the employees and industry experts who chose to participate in the research. A formal written consent form was given to the participants, which they had to sign, and which would confirm their consent to participate in the research. This was to ensure that they were fully aware of their rights as well as the credibility of the data collected.

- ii. Because the MNE is likely to be well-known around the world, it was important to ensure that their name is not used in the research. Rather, an alias was given to ensure the protection of the company's reputation.
- iii. All participants were kept anonymous and neither their name or personal details are revealed throughout the dissertation.
- iv. Ethical clearance was obtained from the university before the interview invites and consent forms were sent to the potential participants.

1.8. Assumptions

The following assumptions were made throughout this research:

- The respondents and individuals to be interviewed for this research are people who have extensive knowledge of marketing and international business.
- The respondents should have an in-depth knowledge of the processes and procedures that go into producing advertisement campaigns.
- The respondents work within an MNE or have experience regarding international businesses and MNEs.
- The respondents should understand, as well as have knowledge on the impact culture has on marketing capabilities and communication.

2. LITERATURE REVIEW

2.1. Challenges of international marketing

The introduction of globalisation led to the opening of economies which brought about new terms such as international marketing. International marketing can be defined as a process that involves the planning and implementation of the marketing mix (product, place, price, promotion, and distribution) to develop and create sufficient communication between the consumer and the MNE (Onkvisit & Shaw, 2008). The marketing activities in which international companies engage are handled across many countries in the world. Thus, to ensure successful marketing internationally and to maintain a good relationship with their international consumer base, it is important for companies such as MNEs to coordinate marketing activities across different nations effectively (Onkvisit & Shaw, 2008).

International firms will have to repeatedly adapt their resources, operational mechanisms, and their international marketing strategies to operate in the fast-moving and uncertain international environment effectively and successfully (Gomes et al., 2020). Additionally, MNEs which operate in foreign countries are bound to encounter considerably more demands because of the market information that will need to be gathered and utilised in different geographical areas (Boisi & Day, 2011) Therefore, to understand the current environment in which international companies operate and its impact on their international marketing strategies, this section of the literature review focuses on the international marketing challenges that MNEs may encounter. Furthermore, this section presents the current systems and mechanisms that may assist MNEs in navigating the unpredictable and fast-moving environment of international marketing.

The challenges that can affect the international marketing strategies of MNEs include both external and internal factors. The internal environment looks at the inside of the firm and is made up of factors which influence the success and approach of operations, of which the company has full control (Ebrahimi & Banaeifard, 2018). However, in the external environment the business does not have full control as the factors which influence the businesses success and approach to operations lie outside the business (Ebrahimi & Banaeifard, 2018). Some examples of the factors in the external environment which could become challenges include the increasing impact and influence of the global economy, the service economy, the constantly changing consumer preference and values, and the acceleration of technology and the digital market (Rialp & Rialp, 2006). The digital environment and the acceleration of technology is a factor which is currently of significance due to the growth of

the online environment (Wang, 2020). The emergence of COVID-19 brought about unforeseen changes, one of them being the forced and quick shift to an online environment for individuals, companies, and institutions (Donthu & Gustafsson, 2020). The unpredicted shift from face-to-face interactions and communication, to completely online, during certain stages of lockdown, forced businesses around the world to re-evaluate the online environment and their role in it (Donthu & Gustafsson, 2020). The online environment has altered the way in which humans interact, information is more easily shared between consumers, and companies have better access to resources (Hazzam & Wilkins, 2022). Therefore, the quick and unexpected advancement in technology, coupled with the foreignness of international markets is one challenge presented to MNEs (Hazzam & Wilkins, 2022).

With the development of new technologies, the acceleration of the online environment, online marketing, and the ever-changing consumer preferences, the international marketing environment has become more competitive, multifaceted, and advanced (Acikdilli et al., 2022). Thus, the prospect of achieving success has become more challenging for MNEs. As a result, for MNEs to be successful in implementing their marketing activities and strategies globally, and remain competitive, it is important for international companies to utilise their resources in a manner which allows them to successfully enter markets of different countries. There are many ways in which MNEs could utilise their resources and successfully enter, and remain, in the market of the host country. One way is for MNEs to make use of marketing capabilities and achieving international marketing agility.

The ability of MNEs to be successful whilst operating a complex and fast-paced environment such as international marketing can depend on factors like their ability to implement effective marketing capabilities (Boisi & Day, 2011). International marketing capabilities can be defined as the methods which a company uses to develop, define, interact, and deliver value to their international target market (Morgan et al., 2018).

Furthermore, international marketing agility (IMA) could assist MNEs with adapting to the increasing international marketing changes (Gomes et al., 2020). Just like international marketing capabilities, IMA can have a significant impact on an MNE's international marketing operations (Gomes et al., 2020). IMA examines aspects such as a company's flexibility and adaptability in being responsive to their consumers' preferences (Teece et al., 2016). Flexibility and adaptability refer to a firm's ability to change their strategies to adapt to any changes in the international market (Gomes et al., 2020). Responsiveness looks at how

quickly a firm can effectively and efficiently respond to any marketing changes and be able to take the required actions to respond to the constant changing international environment (Gomes et al., 2020). Therefore, one can see that it is important for MNEs to establish and develop both marketing capabilities and agility as it may assist them in navigating the international market and deal with aspects such the interaction between the headquarters of the home and host country, as well as cultural factors which have a significant influence on marketing capabilities of the MNE (Gomes et al., 2020; Hazzam & Wilkins, 2022).

The constant changing environment of international marketing will continue to remain impacted by factors such as language, culture, political and governing systems, economic situations, and infrastructures (Baack et al., 2012). Thus, it is vital for international firms such as MNEs to be able to adapt the dynamic and complex environment of international marketing and the factors which influence it. An MNE that achieves international marketing agility will be well equipped to minimise any misallocation of resources and respond effectively to any threats (Osei et al., 2019). Furthermore, being that IMA impacts the communication between headquarters of the home country, the host country, and the subsidiaries, it is important for MNEs to understand the role in which a company's decision to implement a decentralised or centralised management approach may impact their marketing strategies and communication to their consumers.

The next section of the literature review focuses on how a firm's decision to take on either a centralised or decentralised international management approach can influence their marketing communications.

2.2. A decentralised vs centralised approach to market communication

As expressed in the previous section, the way in which MNEs operate internationally is influenced by how effectively they organise their activities, in this case international marketing activities (Schmid et al., 2016). MNEs will have to make the decision between taking on either a centralised and concentrated approach, or a decentralised and segregated approach to international marketing activities (Schmid et al., 2016). Ultimately, the decision to take on either a centralised or decentralised approach to the organisation of marketing activities has the potential to significantly impact the international marketing strategies of the firm. This is because the configuration and coordination of organisational activities, such as marketing, include aspects like market implementation, strategy, planning, control activities, which are coordinated in several ways compared to other activities (Schmid et al., 2016).

Thus, if an MNE made an inadequate decision regarding the configuration and coordination of marketing activities, say choosing a centralised approach instead of a decentralised one, it could lead to a breakdown in communication between the headquarters of the home and host countries, and any subsidiaries, on the way to develop and deploy their marketing activities to the target consumer. This in turn would impact how a consumer of the MNE may receive and interpret certain marketing activities such as an advertisement or campaign. Therefore, for the success of the company, it is vital to ensure the effective coordination and configuration of marketing activities across different countries.

This section discusses the relevance and impact of a decentralised or centralised approach to the organisation of international marketing, alongside configuration and coordination. The aim of this research was to identify the ways in which MNEs adapt their international marketing strategies to the level of cultural distance in a host country. Thus, the choice of a centralised or decentralised approach to the configuration and coordination of marketing activities and strategies could play a role in the way a firm may engage with factors such as culture and cultural distance.

In a centralised approach the responsibility and authority to make to make decisions on marketing activities lies solely with top management (Hollenbeck et al., 2011). Therefore, such decisions will be made by the headquarters of the MNE in the home countries. The headquarters in the host country and the subsidiaries will have little to no say in any marketing activities and strategies which HQ in the home country may develop and wish to deploy. Research has indicated that firms which implement a centralised approach to international marketing activities are usually able to build a strong global brand, quicker than if they were to take on a decentralised approach (Schuiling & Kapferer, 2004) . This is because all decisions are made by the headquarters of the home country and therefore less research and development would go into the development of marketing strategies. This is because each subsidiary in the host country would use a standardised global approach to the coordination and configuration of international marketing activities. However, a disadvantage of implementing this approach is that firms may cultivate a less intimate relationship with their consumers, thus the consumer could view the brand in a negative manner (Schuiling & Kapferer, 2004).

In the decentralised approach, the marketing activities and decisions are not made at one central location of the company, like at the headquarters of the home country, but they are scattered geographically amongst the headquarters of the host country and the subsidiaries (Schmid et

al., 2016). This means that the configuration and coordination of international marketing activities is not solely authorised by the MNE's home country. Such an approach will allow for the host country to respond to the needs of the consumer in their country, which may be different to the home country's consumers. This may be a necessary approach in the configuration of marketing activities as it will make it easier for MNEs to adapt their international marketing activities (such as the marketing mix, price, and communication) to the local consumers' preferences, thus allowing for more agility (Ghauri & Cateora, 2014).

Consequently, approaching the configuration of marketing activities in a decentralised manner could be useful if the culture in the host country is significantly different to the one in the home country. This method may require more research and prove more costly, with MNEs continuing to expand into different countries and diversifying their portfolio. However, they will continue to encounter many different cultures which have such different values or beliefs compared to the home country, that implementing standard marketing strategies and activities may prove detrimental. Therefore, it would prove more beneficial to MNEs to implement a decentralised approach regarding international marketing activities as it may assist them in navigating and adapting to the local market of different countries (Katsikeas et al., 2006).

Regarding the coordination of international marketing activities, with the constant shift in global trends, local trends, consumer preferences, and factors such as the view of culture, it will be beneficial to the success of the MNE to remain flexible and responsive as it will allow for better navigation of new trends (Schmid et al., 2016). Therefore, the marketing decisions and how they are communicated to consumers should be left to the managers of the headquarters in the host country and the subsidiaries as they are likely to be more familiar with the needs and wants of the local consumer.

It is important to note that there is no set way for an MNE to coordinate and configure their marketing activities as it would depend on what the company is aiming to achieve and their approach to how they enter different markets in different countries (Schmid et al., 2016). Furthermore, factors such as the level of culture in the host country as compared to the home country can have a significant impact on a firm's decision to deploy either a more centralised or decentralised approach when it comes to the coordination and configuration of international marketing activities (Schmid et al., 2016). Therefore, aspects like the firm's approach to cultural distance will influence their coordination and configuration of marketing activities.

The next section explains the role of culture on international marketing and the impact cultural distance has on the international marketing strategies developed by MNEs.

2.3. The impact of culture and cultural distance on international marketing strategies

Initially, the researcher examined literature on topics such as the international marketing challenges that MNEs will encounter, and the influence the decision between a centralised or decentralised approach to the configuration and coordination of international marketing activities can have on the successful implementation of international marketing strategies of firm. However, whilst examining each of these topics it became apparent that culture has a significant impact on these topics, and thus it is concept that needs to be further explored. This section therefore discusses the influence of culture on international marketing strategies of MNEs, but more specially the influence of the level of cultural distance.

2.3.1. Cultural challenges of international marketing

Culture is a complex phenomenon that is defined by Geert Hofstede as being the “*collective mental programming of the mind which distinguishes one group or category of people*” (Fang, 2003). Hofstede’s study established that there are four dimensions, work-related, which include power distance, uncertainty avoidance, individualism, and masculinity (Wu, 2006).

The first dimension, power distance, relates to level of inequality between superiors and their subordinates and within a company, an MNE, it would refer to organisational hierarchy between managers and subordinates (Wu, 2006). In a company which has a high level of power distance, the marketing communication and organisational structure of the company is deemed to be relatively centralised whereby management will make most of all decisions with little discussion with subordinates (Malik & Zhao, 2013). Therefore, the opposite can be said for companies that have a low level of power distance. In regard to countries, this could refer to the level of inequality or authority between elders and the younger generation, the level of respect given to elders. For instance, a country such as China, places a lot of emphasis on respecting your elders and this translates into the working culture of companies in the country (Zhang et al., 2021).

Uncertainty avoidance is the second dimension, and it relates to individuals’ tolerance of uncertainty and companies with a high level of uncertainty avoidance would have implemented

more tangible and written rules and regulations with the aim of reducing uncertainty (Wu, 2006). The third dimension, individualism-collectivism, refers to a society in which one's identity is their own and they work independently or one in which a person is seen as belonging to a collective and the needs of the group take precedent over ones individual needs (Malik & Zhao, 2013). Finally, there is masculinity-femininity (MAS), the fourth dimension, which refers to the gender roles in a society and how they are displayed (Malik & Zhao, 2013). For instance, there are some countries in which woman may be seen to have more 'traditional' roles of staying at home and looking after the children and the man is the one that goes to work and runs the household. How this is translated into an organisation is in cases there may be fewer women in higher levels of management or in executive roles in a high MAS company (Wu, 2006).

The above dimensions illustrate the ways in which culture may influence the inner working of the company, for instance power distance may refer to whether a company may take on a more centralised or decentralised approach to their marketing communications. This in turn is influenced by the country in which the company operates as the level of power distance varies between countries dependent on the culture of the country. Thus, although culture is a complex factor, it is one that cannot be avoided by businesses if they wish to operate successfully, especially those which operate internationally, as they interact with several individuals from different countries and cultures (Emery et al., 2010). As a result, culture has a significant influence on the international, possibly even local, marketing strategies of business. Therefore, senior leaders should be expected to understand and be more responsive to the impact of the similarities and differences in culture in relation to international marketing (Darley et al., 2013).

To ensure that culture is a factor that proves beneficial and profitable to a business, it is important for companies to implement systems and processes which aim at incorporating culture as an advantage point for the business whilst operating in the international market. Furthermore, culture can influence the consumption and purchase decisions of consumers, thus, it will have an impact on a firm's marketing mix and strategies (Johnson et al., 2010). Therefore, as we continue to move towards a more globalised marketplace, the value of cross-cultural differences becomes even more apparent when advertising (Emery et al., 2010). Consequently, the firm's ability to adapt their international marketing strategy in host countries will play a significant role in their success (Emery et al., 2010).

As a result, cross-cultural marketing or multicultural marketing are marketing strategies to be explored by MNEs. Cross-cultural and multicultural marketing are tools which can be used by MNEs to adapt their international marketing strategies to culture and utilise these strategies in a way that can result in a competitive advantage for a business (Johnson et al., 2010).

One definition of multicultural marketing describes it as the communication, targeting, and the use of different marketing strategies on diverse cultures which include ethnic groups, nationalities, people residing in certain regions, religious groups, or groups that share common beliefs, attitudes, values, or ways of living (Friedman et al., 2007). In addition, cross-cultural marketing is a concept developed from existing cross-cultural studies, and it focuses on consumer behaviour, consumer attitudes, and promotion (Engelen & Brettel, 2011). It is a tool that can be used by firms to develop strategies that allow them to enter international markets whilst remaining respectful and sensitive to their cultural norms (Kaynak & Herbig, 1998). Therefore, this can be advantageous to firms, currently and in the future, who operate internationally as it will assist them to navigate the different cultures they will encounter and to adapt their marketing strategies in order to ensure a successful entry.

However, for businesses to be successful in implementing cross-cultural and multicultural marketing, it is important to understand cultural differences and their impact on the international marketing strategies of the firm (Wei Yan & Yazdanifard, 2014). Thus, the study of cultural distance is important for MNEs who wish to successfully implement their international marketing strategies, as cultural distance examines the differences between the host country and home country (Griffith et al., 2021). The examination of differences, in this case cultural, will prove advantageous to businesses as it will assist them in attaining a diversity of knowledge which will be useful in increasing their marketing effectiveness and adaptation, as well as communication between the headquarters of the home and host countries (Malik & Zhao, 2013).

2.3.2. The impact of cultural distance on the marketing strategies of MNEs

Distance can be examined across two entities, these could be organisations, individuals, ethnic groups, language groups, and nations (Beugelsdijk et al., 2020). Globalisation has led to the opening of economies, an increase in global communication, and an acceleration of technology, therefore, it has been argued that because of this, distance is no longer of significant influence (Ghemawat, 2001). However, for businesses, especially those that operate internationally, such

an assumption is not accurate (Ghemawat, 2001). The four basic dimensions of distance that can manifest between two countries include geographic, administrative, economic, and cultural (Ghemawat, 2001).

Geographic distance refers to the physical distance between home country and the host country as the further the distance apart, the more factors there will be to consider like whether the company will ship resources to the host country or source locally from the host country due to distance and the cost that may be involved by shipping (Ghemawat, 2001). Administrative distance relates to the political and history of one country compared to another and how the past current political and legal systems may differ between the home and host country (Ghemawat, 2001). This in turn could impact how successfully the MNE is able to enter host country due to certain regulations, or if the MNE is even able to enter. The third distance, economic, refers to the economic statuses and situations of the countries, for instance GDP and if the economy is currently in a recession (Ghemawat, 2001). Although these distances are important factors when a business is planning to expand their operations into another country, the focus for this study was on cultural distance and how it may impact the operations of an MNE.

Cultural distance can be defined as the analysis of the differences in national cultures in relation to norms and values (Griffith et al., 2021). Cultural distance is an important topic for international businesses to understand as it will provide them with better insight on diversity, and the way it affects human relationships (Griffith et al., 2021). Therefore, as culture will continue to have a significant influence on the international marketing strategies of MNEs, understanding cultural distance could be beneficial for businesses which operate internationally as it will increase their diversity of knowledge (Malik & Zhao, 2013). However, it is argued that cultural distance could intensify the strains on managerial resources, and there would be high costs associated with expanding into host countries which have a high level of cultural distance as a greater amount of research and analysis will need to be conducted (Pla-Barber et al., 2014).

Furthermore, it is important to note that cultural distance should not be analysed in isolation of a host country as it will lead to an overinflation of its influence (Griffith et al., 2021).

Another critique of cultural distance is that as a form of measure, it assumes that culture does not change over time; however, this is not the case and the use of cultural distance as a measure for cultural differences may not be applicable for countries which have a high level of diversity,

like ones in Africa (Nachum et al., 2022; Shenkar, 2012). Africa is incredibly diverse with an estimated over 2000 languages or dialects, and culture in Africa is constantly changing (Nachum et al., 2022). Therefore, this is an aspect that needs to be considered when using cultural distance as tool to measure cultural differences. For countries within Africa, a tool called ethnolinguistic fractionalization may be more accurate (Luiz, 2015). Ethnolinguistic fractionalization is a tool that can be used to measure the ethnic and/or linguistic diversity in a country and evaluate its impact on present cultural measures (Luiz, 2015). Thus, when collecting data and information on cultural distance in host countries, this is an important factor to keep in mind.

2.4 Conclusion

In conclusion, this literature review focused on not just analysing the impact of culture and cultural distance on the international marketing strategies of MNEs, but also how it influences other factors such as the configuration and coordination of international marketing activities. Culture was a factor that was continually highlighted as having a significant impact on aspects such the flexibility and adaptation of marketing strategies by businesses, and their ability to successfully communicate their values to their consumer. More especially, culture and the distance between the culture of the home country, the host country, and its subsidiaries became the focus.

Therefore, the influence of the level of cultural distance filters through the firm's decisions regarding organisation of activities and their marketing strategies. It is not a concept that can be ignored, especially by international firms who will continue to interact with a multitude of cultures as they broaden and diversify their portfolio. Although the evaluation and investigation of cultural distance between different nations may prove taxing, expensive, and time-consuming, especially for MNEs wishing to enter countries in Africa, if a firm is able to grasp the concept of cultural distance and its impact on IMA, it could be a great advantage to MNEs who wish to successfully enter many markets across the globe (Darley et al., 2013).

As a result, understanding culture and the impact of cultural distance on a company's international marketing strategies is a way in which MNEs can be successful in their global marketing efforts (Emery et al., 2010). Culture is a concept that remains important to individuals, potential consumers of MNEs, and organisations themselves as it is used as a way to interact and relate to other people (Luiz, 2015). Consequently, understanding the importance

of identifying cultural similarities and differences may be advantageous to an MNE's efforts to overcome the complexities of culture and have it become a competitive advantage rather than a threat (Luiz, 2015; Mohr & Batsakis, 2018).

3. RESEARCH METHODOLOGY

3.1. Research approach and strategy

This research study was qualitative and took on an inductive, and exploratory approach that explored how MNEs can adapt their international marketing strategies to the level of cultural distance in a host country. By taking on this research approach, the goal was to add to the existing literature of cultural distance as well as international marketing strategies. Furthermore, the research also aimed to investigate how and why culturally insensitive advertisements are broadcasted by MNEs to their consumers, especially with the abundance of literature available on the impact of culture on international marketing strategies. Therefore, the inductive approach was best suited for this research, as opposed to the deductive approach, because the research aimed to delve into the influence of cultural distance on international marketing strategies, more specifically, how culturally insensitive advertisements are produced by MNEs who operate internationally and encounter a multitude of cultures.

The inductive approach was used as a manner to answer the research question as this approach aims to investigate a phenomenon/event and identify any patterns or themes (Lewis et al., 2019). Evidently, an advertising campaign that was broadcasted by an MNE a few years ago was used as the topic of the case study. The advertisement was from a skincare brand, and it was broadcasted in different countries in West Africa. The advertisement was met with backlash from the public in those countries as it was deemed racially insensitive as it was found to reinforce the notion that light skin is better. Although this was a unique occurrence for the company, there have been many advertisements before and after from different companies around the world that were met with similar, if not worse, consequences.

The reason it was deemed to conduct qualitative research, as opposed to quantitative, is because it is an approach best suited for research that examines social and behavioural sciences, business, and history (Denzin & Lincoln, 2003). Thus, since the research examined culture and cultural distance, which are regarded as characteristics and measures that assist in understanding the behaviour of humans or organisations, a qualitative approach was considered as more accurate (Griffith et al., 2021). Furthermore, qualitative research addresses questions or topics that emphasize how a social event or experience took place and gives it meaning by identifying patterns or themes (Denzin & Lincoln, 2003). The research topic looked to identify ‘how’ MNEs adapt their international marketing strategies to the level of cultural distance in host countries, ‘why’ culturally insensitive advertisements are broadcasted by MNEs, and

‘how’ the coordination and configuration of organisational activities, such as marketing, can influence the relationship and communication of the MNE with its consumers. As a result, it would have been difficult to quantify such questions and therefore it was best that the topic be studied through an in-depth qualitative study.

3.2. Research design and collection method

The research design used in this study was a case study approach, more especially a single case study design, which was studied throughout the research (Gerring, 2007). Since the research was investigating a real-life event/phenomenon that had occurred, a case study approach was found to be suitable as it would allow for an in-depth analysis of the ‘how’ and ‘why’ such an event occurred and how aspects like cultural distance relate to it (Hamel et al., 1993; Ridder, 2017). Thus, it was evident that this design was better suited for the research than any other one, for instance the experimental research design which studies the probability of change and focuses on the study of natural sciences (Lewis et al., 2019).

The goal of the research was to focus on an MNE within the FMCG industry given that MNEs within this field have a direct relationship with consumers and very often have a personal connection with consumers. Consequently, within these parameters, the focus would then be on a marketing campaign implemented by an MNE. More specifically the aim was to focus on a case where the marketing campaign had been created and implemented by a European company operating in an African context. The case chosen was based on a potential issue, and to further investigate this issue, a past event (advertisement campaign) relating to an MNE, pseudonym BeautyBE, was chosen as an example (Ridder, 2017). This case was chosen as it aimed to answer the research questions set out in Chapter 1 and to maximise the quality of the research and research design (Yin, 2003). The incident occurred in 2017 when a brand under BeautyBE, with the pseudonym LuckyFace, released an advertising campaign in West Africa that was met with backlash as it was deemed racially and culturally insensitive by the public. Although there were other events that could have been chosen, due to time constraints, accessibility, and resources, this one was chosen. As the topic would tackle a controversial topic and many companies may have been opposed, since BeautyBE was willing to discuss the event and topics surrounding it, there was more accessibility.

Additionally, the event would illuminate the research question as it was an advertising campaign with a brand, and MNE that is headquartered in Germany and that released an

advertisement in West Africa, one of their host countries. The company is also one that is well established and widely known and has over 170 affiliates around the world. Therefore, the company interacts with individuals and groups from different countries and cultures around the world. Thus, it was considered to be applicable in assisting in exploring how MNEs adapt their marketing strategies and organisational structure to the level of cultural distance in their host countries. The case also helped in examining how the processes and systems that have been put in place have potentially improved whether the company produces fewer advertisements that may be deemed racially or culturally insensitive. Albeit the case study provides an example of potential ways an MNE can adapt their marketing strategies to combat the level of cultural distance in their host countries, it is not the only form of solutions. Additionally, to maximise quality of the case study and research, the case had to meet critical conditions related to design quality which include construct validity, internal validity, and reliability (Yin, 2003).

Construct validity was maintained by exploring other similar cases that have occurred in the past years but narrowing the choice to the incident with LuckyFace as accessibility to the participants and resources was more readily available, and it illuminated the research questions. Reliability was sustained by ensuring that the procedure in data collection can be repeated, which was done by ensuring that all interviews were conducted with all participants using the semi-structured interview questions. The questionnaires are under Exhibit A and B in the Appendix.

Furthermore, internal validity was sustained by having individuals from within the MNE, in the global marketing department and in human resources, and external marketing experts, with years of experience, take part in the interviews and give their perspectives on the research topic and case study. This was done to ensure that different perspectives were gained, this was done to add more depth and credibility to the research topic and results. Additionally, all participants received the same consent forms and were made to sign them, which would ensure they understood the purpose and background of the research. An example of the consent form can be seen in exhibit C in the appendix. In addition, upon receiving the results from the interviews, different literature was analysed parallel with the findings to validate some of the findings or add more depth to answers given by participants.

Evidently, as a case study approach was used, the accompanying data collection methods could have either been interviews, surveys, questionnaires, or focus groups (Lewis et al., 2019). Consequently, as the research aimed to understand the decision-making processes that MNEs

would have to go through when producing an advertisement and how cultural distance will influence such decisions, it was found that conducting interviews as a form of data collection would be the best option. This was because interviews would assist in providing an in-depth understanding into how such an event occurred, and the process and factors that had led to it happening (Lewis et al., 2019). Furthermore, the interview questions were semi-structured, and the interviews were open-ended so as to allow for more flexibility as the participants would more likely have been willing to answer questions as the questions were deemed less ‘threatening’ and more friendly (Lewis et al., 2019; Yin, 2003). This type of interview was best for the research as the event that occurred involving the MNE chosen for the case study was controversial. Thus, participants may have been reluctant to answer some questions for fear of retaliation from the company or the public.

All interviews were conducted on MS Teams except for two which were done on the phone. However, for the sake of consistency, all the interviews began with confirming the verbal consent of the participant, an introduction of the topic, and required the participant to give a quick introduction of their profession and the responsibilities that come with it.

Triangulation was administered as a form of data collection. This was because the questions were mainly focused on the opinion of the participants and their perception of the event and the topic. Therefore, to increase the validity and credibility of the research, upon analysing the answers from participants, secondary data from articles was used to strengthen their arguments and add more depth to the findings discovered through the interviews. Furthermore, not only were employees from within the MNE interviewed, but also marketing experts from outside the company who had no relationship with the MNE.

3.3. Population and sampling

This research study aimed to identify how MNEs adapt their marketing strategies to the level of cultural distance in host countries as compared to home countries. Another underlying aspect that the research aimed to investigate was to determine whether a company is centralised or decentralised, and if so, whether it would have an impact on their marketing capabilities and in turn, influence the release of a certain nature of advertisements. Therefore, based on what the research aimed to investigate and achieve, the participants of the research that were chosen had to meet a certain requirement. This is because the case study focused on a specific event, advertisement campaign, that was broadcasted by an MNE headquartered in Germany. As a

result, the population with whom the interviews would be conducted had to be specifically related to either the company, or the field of marketing, specifically international marketing.

The population that was examined and interviewed were employees of the MNE that had broadcasted the advertising campaign. These were individuals from different departments, different levels of management, and different locations (home country and host countries). The purpose of interviewing employees from both the home country and the host country was to investigate how marketing communication within the organisation flows and whether the company taking on a decentralised or centralised approach had impacted the broadcasting of such advertisements. It was important to gain both the host country and home country's point of view of the topic and incident as there could be a misalignment in terms of how the host country may interpret culture and cultural distance, and how the home country interprets it.

Additionally, individuals were chosen who worked outside of the company. These included marketing industry experts from countries with a high level of cultural distance such South Africa and Nigeria. This was done to gain not just one perspective of the importance of cultural distance to marketing strategies of MNEs, but also around the incident. These were individuals who had worked within the marketing industry for many years, some of them lecturers now, in Africa, and had been witness to the consequences that the broadcasting of culturally insensitive advertisements may have on an MNE. These individuals, based on their expertise and time in the industry, would also be able to give insight into how consumer behaviour towards such advertisements has changed over the past few years and whether culture and cultural distance have influenced it.

Table 3.1 below details the classification of the interviewees, their role/job, whether they are internal or external to the company, and where they are based.

Table 3.1: List with participants' details

Participant classification		Respondent codes	Role	Nationality	Location
1. Internal to the company	1.A. Home country/HQ operations	N1	Global Manager	German	Germany
		N2	Global Manager (HR)	German	Germany
		N3	Global Manager	British	Germany
		N4	VP (specific department)	German	Germany

	1.B. An Affiliate	N5	Regional manager	South African	Dubai
		N6	Regional manager	Nigerian	Nigeria
2. External to the company		N7	Industry expert	South African	South Africa
		N8	Industry expert	South African	South Africa
		N9	Industry expert	South African	South Africa
		N10	Marketing manager	South African	South Africa

3.4. Data analysis method

It is important to select the most adequate data analysis method that will ensure that the data collected from the interviews is processed in a manner which will produce the best in-depth insights on the research question. Therefore, after a careful analysis of the different data analysis methods, it was determined that the thematic method was the best option for this research topic. This is because the thematic method intends to identify themes, or patterns, that appear across a data set, for example a multitude of interviews, observations, and documents (Lewis et al., 2019). The research questions intended to identify any themes or patterns on the influence of cultural distance on international marketing strategies through conducting interviews with employees in an MNE and experts/professors of marketing and international marketing, this method remained the most suitable (Lewis et al., 2019). This method was chosen over other ones like analytic induction, deductive explanation building, and pattern matching (Lewis et al., 2019). These techniques place emphasis on predicting and testing an explanation, and since the research was exploratory and aimed to gain in an in-depth understanding of a phenomenon, such data analysis techniques would not have been sufficient (Lewis et al., 2019).

It is important to note that all the interviews, except for two, were conducted on the platform MS Teams. The two that were an exception were conducted on the phone. However, before delving into the interview questions, each interview began by getting the verbal consent from the participant, an explanation that they would remain anonymous, an explanation of the research topic, and a background on the purpose of the research. This was to ensure that the participant knew and understood the purpose of the research. All interviews were recorded and then transcribed by a professional transcriber.

However, throughout each of the interviews and afterwards, notes were taken which noted interesting phrases by the participants and any topic that either related to the literature or that was new and had not been mentioned but was deemed important. The first round of analysis was done manually and each of the transcripts was read through multiple times and through the analysis, certain themes and patterns were identified. Keys for these specific themes were then made and from there the transcripts were analysed again and coded under these specific keys.

However, it was found that some of these codes/keys could be combined under one code/theme. Additionally, the qualitative analysis tool called NVivo was used to identify codes and themes between the interviews. Therefore, through manual coding and analysis, and the use of NVivo, the final codes and themes were identified as seen in Figure 4.1.

3.5. Research criteria

It was important to ensure that high-quality research was produced and therefore certain criteria had to be met. These criteria included aspects like maintaining reliability, validity (internal and external), credibility, and authenticity (Lewis et al., 2019).

Reliability examines the replication and consistency of one's research, and it is a vital factor in ensuring the research is of high-quality (Lewis et al., 2019). This was indicated by having the questionnaire reviewed by my supervisor beforehand and making the necessary adjustments. Additionally, everyone received the same consent letter and approach letter which detailed the purpose of the research and background of the topic. Furthermore, for all the interviews the same semi-structured questionnaire questions were used and sent to each of the participants. All participants were also informed what cultural distance means if they were not fully aware of the term. Furthermore, before any questioning began, verbal consent was confirmed by the participants. However, focusing on reliability alone will not ensure a good and trustworthy research is produced, but in combination with validity it is possible (Lewis et al., 2019).

Validity examines the appropriateness of the research measures used, as well as the accuracy of the results and generalisability (Lewis et al., 2019). There are two methods that could have been used to ensure the validity of the study, namely triangulation and participant and member validation (Lewis et al., 2019). Triangulation was chosen as the manner to ensure that the data collected for the findings was valid, credible, and authentic (Lewis et al., 2019). Not only were

the employees of LuckyFace interviewed for the research topic and perspective on the case, but external participants within the marketing field were also interviewed. Therefore, an all-rounded view on the phenomenon and research topic was analysed through gaining different perspectives. Additionally, the findings presented were analysed against different literature. This in turn would ensure a more in-depth look and understanding of the topic, thus adding credibility, validity, and authenticity to the research.

Credibility is a criterion for internal validity, and it places an emphasis on producing data which is valid and truthful (Lewis et al., 2019). This was done by making sure all the participants meet the necessary requirements, so they can provide reliable information and insight. Additionally, authenticity looks to ensure fairness by raising awareness and ensuring that all views are represented (Lewis et al., 2019). This was done by gaining both the perspectives of employees within the company and marketing experts from outside the company.

3.6. Limitations

Since this research focused specifically on the marketing communications, it was important to interview individuals from LuckyFace who were involved with global and local marketing and brand activities as it would cover both global consumers and local consumers of host countries. Consequently, this limited the sample pool to one department of the company.

Furthermore, the case study being examined was one that was controversial and resulted in a backlash for LuckyFace; consequently, one limitation was the way in which the topic could be broached during the interview. It was difficult at times to get employees to delve in depth into the thinking behind the advertisement campaign that had caused the controversy.

There was also not a substantial amount of research available that had targeted the research topic. Instead, the studies and articles that were found touched on different aspects of the research topic. This would mean understanding their role in the firm and the role they play in the decision-making process of the marketing activities of the business, more specifically their role in the creation and broadcasting of the controversial advertisement. In addition, time constraints were another limitation, more specifically the deadline for the research.

3.7. Research ethics

Research ethics form a fundamental part of the research design and the results of the research, as ethics could affect the results obtained and the credibility of the research (Lewis et al., 2019). Maintaining ethics in this research was important because the participants are human beings, and the event being investigated as the focus of the case study was controversial. Therefore, it was important from the beginning to ensure confidentiality, as well as the anonymity and consent of the participants as well as the organisation (Lewis et al., 2019). The researcher created another name for the organisation that is completely unrelated to the company. This name is used throughout the paper.

Additionally, since interviews were conducted as a form of data collection, it was imperative to get consent from the participants to conduct the interviews, both verbal and written. However, before sending out the consent forms, ethical clearance was gained from the university.

4. FINDINGS AND ANALYSIS

The aim of conducting this research was to examine the potential impact that cultural distance can have on MNEs and their marketing strategies, and how they may adapt it to the level of cultural distance in the host country. Additionally, the sub-question of the research aimed to examine how the choice of an MNE to take on a more centralised or decentralised approach may impact the adaptation of their marketing strategies in host countries.

This chapter begins by providing background of the brand, LuckyFace, and the MNE, BeautyBE, which it was founded under. Following that, context on the country the advertisement was broadcasted in, Nigeria, and the home country, Germany, is presented. Additionally, details into outcome and results of the implementation of the advertisement are presented. Lastly, this chapter presents the findings from the interviews that were conducted, furthermore the findings from the interviews are separated into dimensions that were identified, as seen in *Figure 4.1*.

4.1. Company background

BeautyBE is a skin and personal care company headquartered in Germany and operated in the FMCG industry. The MNE is a German multinational company that was founded in 1882, the date in which the patent specification was issued (BeautyBE, 2023). By 1890, the company had rapidly expanded their operations and production due to their acquirement of a laboratory (BeautyBE, 2023). This development assisted in BeautyBE becoming a leading brand in the good competition. In line with their expansion efforts the company introduced a new skincare brand, LuckyFace, to their company in 1911 (BeautyBE, 2023). LuckyFace was introduced as a skin cream, and it has since been in existence for more than 110 years since the brand was founded by BeautyBE (LuckyFace, 2023).

The multinational continued to expand their operations, throughout Germany and Europe, and in 1921 the company opened their North American affiliate in New York (BeautyBE, 2023). The company continued to expand their operations and open more affiliates around the world in continents outside of Europe such as Asia, North and South America, Australia, and Africa. The company continues to expand their reach and cementing themselves as an established global company that houses stable and well-known household brands, such as LuckyFace. Currently, BeautyBE has over 170 affiliates worldwide and remains one of leading skincare companies in

the world (BeautyBE, 2023). The company also currently has over 21 000 employees worldwide and over 50 products available in over 170 countries (BeautyBE, 2023). The first African country that BeautyBE entered was South Africa in 1955 (BeautyBE, 2023).

Evidently, LuckyFace is one of the multinational's most successful and well-known brands (BeautyBE, 2023). LuckyFace is deemed one of the world's top skincare brands that is used and known by millions of people around the world (LuckyFace, 2023). Furthermore, the brand holds the top market position in 23 countries (BeautyBE, 2022). As a result, LuckyFace is BeautyBE's biggest and most important sales driver due to the success and global awareness of the brand and its footing within the skincare industry (BeautyBE, 2023). In many ways, one could deem LuckyFace one of the main reasons for the multinational's continued success and growth over the many decades.

Innovations and research have continually gone into LuckyFace. In 1982 the brand expanded its product offering by introducing more face and skin products, this included a shower, men, and hair care range. Currently, beyond that range of product offerings, the company has continued to broaden their product offering and has added a sun care range (focused on selling products such as sunscreen), deodorant, and body cream (LuckyFace, 2023). By continually expanding their product offering over the decades, the company and brand in turn have expanded their reach and consumer segment. LuckyFace is a global skincare brand, therefore the company has and will continue to interact with individuals and people from different countries, cultures, and skin types and colours.

As the company plans to expand and grow their markets in places such as China, USA, and India, it is vital that the company develop and implement strategies, more specifically marketing and communication, for their brands like LuckyFace (BeautyBE, 2022). The company will continue to interact with people and cultures that may prove to be noticeably different to the German or European culture. Thus, with the motivation and goal of remaining an iconic brand that is popular globally, researching and understanding aspects that may shape their consumer behaviour and their marketing communication, such as cultural distance, remain of importance.

One of the goals for LuckyFace is "...providing solutions for the specific needs of people with melanin-rich skin" (BeautyBE, 2022). Therefore, one can see that with such goals and ambitions, aspects like cultural distance and understanding the needs and history behind the

different skin types of individuals with melanin-rich skin, evidently people of colour, is important to achieve such goals.

4.2. Country context

The advertising campaign of the brand was implemented in West Africa, with the advertisement starting in Nigeria and expanding to other countries in West Africa.

Nigeria has a population of over 200 million people and is one of the largest economies in Africa (The World Bank, 2023). It is a country that is multi-ethnic and culturally diverse with a federation of 36 autonomous states (The World Bank, 2023). On top of being one of the largest economies in Africa, Nigeria's economy is projected to increase by an average of 2.9% per year between 2023 and 2025 (The World Bank, 2023). However, even with such projected economic growth, the country continues to experience high levels of inequality and poverty (The World Bank, 2023).

The country's official language is English, specifically Nigerian English, which is used by the government for official messages (World Atlas, 2023). This is also used as a medium of communication and instruction in schools across the country. However, although English is the official language in the country, there are 520 regional languages and dialects spoken throughout the country (Sasu, 2023). Furthermore, the most spoken regional languages are the Hausa, Yoruba, and Igbo languages that developed from the many ethnic groups of the country (Sasu, 2023). Therefore, it is evident that Nigeria is a country with a high level of diversity due to its many ethnic groups, both in the northern and southern part of the country, the many different languages that originated from those ethnic groups, and the culture and traditions that are specific to the country and each ethnic group.

This is significantly different from Germany where the official language is German with English being the second most spoken language (World Atlas, 2018) . Whereas in Nigeria, English is an official language, but 520 regional languages and dialects are also spoken in the country (Sasu, 2023). Additionally, apart from the national culture in Nigeria being different from Germany, the regional cultures of each of the ethnic groups illustrates the vast difference between Germany and Nigeria. Furthermore, with a population of over 80 million people, the ethnic make-up in Germany is 80-87% Germans, 1.8% Turkish, 1% Polish, 1% Syrian, 1% Romanian, and 9-10% accounts for Italian, Russian, and other (other ethnic groups) (Destatis, 2023; Index Mundi, 2020). This is significantly different to the ethnic makeup of Nigeria. In Nigeria, the ethnic makeup is:

- 30% Hausa
- 15.5% Yoruba
- 15.2% Igbo
- 6% Fulani
- 2.4% Tiv
- 2.4% Kanuri
- 1.8% Ibibio
- 1.8% Ijaz
- 24.7% Other.

(Statista, 2023)

Additionally, in terms of social issues, in Nigeria the topic of skin lightening is one that has been a major topic of conversation for many years. The prospect may be unknown or foreign in countries such as Germany as it not a social topic that is of relevance to the country and its people. Skin lightening in Nigeria has been running rampant in the country for many years and it was reported that more than 77% of women in Nigeria use skin lightening products, which is the highest percentage in the world (Egbi & Kasia, 2021). Skin lightening, or skin bleaching, is the process of using products that contain a chemical substance that will lighten one's skin tone or remove uneven skin colouration by decreasing melanin pigmentation and colouring in applied areas (Egbi & Kasia, 2021). Although Nigeria has the highest percentage in the world of women using skin lightening products, the process of skin lightening is also done in many other countries in West Africa. There is even a term known as '*Oyinbo*', which is used to refer to black women or men with a light and fair skin tone in a fond tone, appreciating their light and fair skin tone (Olumide, 2018).

The history behind this process is that a lighter skin tone is perceived as being more attractive, and this has to do with the long history of colonisation and whiter skin being perceived superior (Olumide, 2018). Therefore, with the objective of being deemed more attractive and superior, many women in Nigeria and throughout West Africa, even countries such as India and South Africa, turned to skin lightening and bleaching to achieve such prospects (Thomas, 2020). However, due to the chemical components such as mercury within the products, the process of skin bleaching has been deemed life-threatening due to side effects such as kidney failure, skin cancer, and liver failure (WHO, 2019). In 2016, the government in Ghana banned creams that contained a bleaching agent, hydroquinone (Obianuju, 2016).

As a result, regarding the history of the country and social issues such as skin lightening, when the LuckyFace skin advertisement was released in Nigeria and throughout West Africa, the advertising campaign was met with immense backlash from the public in West Africa as well as around the world.

4.3. Background of case

4.3.1. Context of the advertisement

The advertising campaign throughout West Africa was both in the form of billboards and through broadcasting on television. The television advertisement was 30 seconds long and showed a woman saying she needs a cream to restore her skin's natural glow. She then proceeds to then apply the lotion, her skin starts to lighten, which implies that her skin is now "glowing", as stated in the advertisement. She then goes to pick up her daughter at school and is complimented by a man at the school on how she looks young, mistaking her as someone come to pick up their sister, as she has "beautiful, glowing skin". The advertisement then ends with encouraging the viewer to "reveal their natural glow with natural fairness body lotion".

The advertisement was developed by a long-time partner of LuckyFace, an advertising agency in the UK. This advertisement was not a global one but was specifically targeted for countries in Africa.

4.3.2. Public's reaction

The advertisement was released in countries in West Africa in 2017, with Nigeria being the leading country, and upon release of the advertisement the brand and company faced significant backlash from the public in not just West Africa but around the world. The brand LuckyFace faced criticism and individuals took to social media to advocate against the brand and even went on to demanding the boycott of LuckyFace products in stores (Kerr, 2017). Furthermore, LuckyFace faced this backlash because the public felt as though the company was promoting skin whitening which at that point in time was a topic of large discussion in countries in Africa (Begum, 2017). Examples of the backlash that the brand faced can be seen in *images 1 and 2* in the Appendix. The government in Ghana had banned products containing skin whitening agents as it was found to have serious health complications (Obianuju, 2016).

The advertisement was created by an agency from London that had worked with LuckyFace for many years. Upon seeing the backlash that the advertisement was receiving online around

the world, the company released a statement which apologised for the harm the advertisement had caused and that it had never been their intent to cause harm, and the advertisement was taken out of context (Begum, 2017).

When the participants from the company were asked to give more insights into the process and development of the advertisement, beyond their public response, their main message and notion was that it was “a blind spot” and an “oversight”, and there was no “ill intent meant by it”. However, when asking a marketing expert on their views of the advertisement and the backlash that the company received, they were quoted saying “*LuckyFace got the backlash they deserved*” – N10.

Additionally, since the incident the brand has changed its marketing for the product, and all skincare products under that name from ‘Fairer skin’ to ‘Radiant skin’. Instead of promoting fairer skin, the company now promotes radiant and beautiful skin that can be achieved through their skincare products.

Figure 4.1 displays the first order concepts, second order concepts, and finally the aggregate dimension. The first order concepts illustrate the quotes and phrases that were taken from the participants who participated in the interviews. These were the quotes and phrases that were deemed most impactful and relevant to the research. Following the first order concepts came the configuration of the second order concepts, depicted by the thick black arrows, these come from analysing the first order concepts and deriving particular themes related to the first order concepts and their quotes/phrases. Finally, after carefully analysing the second order concepts and themes identified, it was important to group these themes, where applicable, to different dimensions. This is shown under the aggregate dimensions displayed in Figure 4.1. These aggregate dimensions are compressed results that came from the first and second order concepts and are used as different sections throughout the rest of the findings.

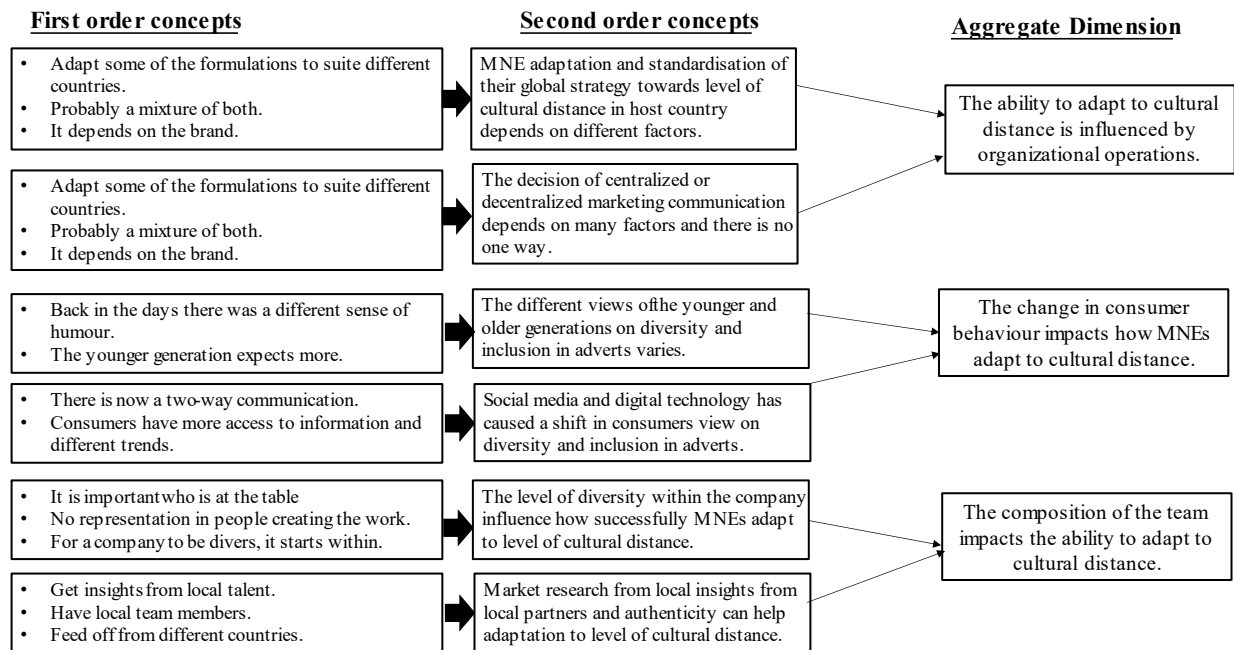


Figure 4.1: Theoretical dimensions

The rest of the findings are separated into the three different aggregate dimensions shown in the figure above.

4.4. The ability to adapt to cultural distance is influenced by organizational operations

4.4.1. Standardisation vs adaptation

One of the occurring themes that came up during each of the interviews was how MNEs manage their global strategies and the whether the level of cultural distance between the home country and the host country influences whether a company takes on a standardised or adaptive approach for their strategic global strategy.

It was found that the decision of whether to standardise or adapt the marketing strategy is based on aspects such as the aim of the global strategy of the brand and the industry in which the MNE operates. All the participants were found to have leaned towards adaptation when it came to product offering of an MNE. However, there was also the view brought in that it could be a combination or “*fusion*” of both. Some of the quotes from the participants, as seen below, give further insight into their views on this theme.

“...we need to adapt some of our formulations to suite the different needs of the different countries.” - N5

“So it’s a fusion of both, you have standards to maintain, but then also in terms of rolling it out there are also those adaptations that you have to then ensure that you do.”

– N6

“...so I think it’s a combination. I don’t think one size fits all – at all. But you need, need one global overarching feel. And then that then gets adapted.” -N3

The last two phrases were ones that supported the notion of an MNE making use of both standardisation and adaptation. However, the first quote as stated by participant N5 is one that slightly opposes the views of the other two quotes and the participant advocates for purely adaptation to deal with the different needs of the consumers from different countries. It should be noted that these were phrases stated by individuals from within the company. Furthermore, they are each within the marketing department of LuckyFace, but they are working at different spheres around the world. Thus, within the company there is a difference of views on the way in which the brand and global brands can organise the marketing strategies and communications.

The topic of standardisation vs adaptation was brought up in the first few interviews by the participants themselves. Furthermore, the discussion of whether a company should adapt or standardise focused on not just the marketing strategies, but also other aspects to be considered like the product and production of the product. As this discussion continued, it became noticeable that another topic arose, namely whether a centralised or decentralised approach to marketing strategies is more appropriate.

4.4.2. Centralised vs decentralised

It was found that a few marketing experts outside of LuckyFace expressed that the more centralised the marketing communications and strategy of the company, the harder it is to adapt to cultural distance in host countries. One participant expressed:

“Because obviously the more centralised you are, the less you can adapt to cultural distance”. – N7

However, when this question on whether a centralised or decentralised approach is correlated/impacts the adaptation to cultural distance and whether this influences the production of racially/culturally insensitive advertisements, an employee from LuckyFace disagreed and even used the company as an example:

“No. I don’t think there’s a correlation because now we currently do centralised campaigns, but we do have an advisory board that would have a critical look from various lenses.” -N1

In addition to the quote above the following was expressed by an employee from within the company:

“LuckyFace then centralised communication a lot more. Before, it was a very decentralised company. Before, every different country did their different advertising because of course - economically nonsense and was far too expensive so then it got centralised and then within that, there was an advisory board put in.” -N1

The above quote was also from the participant on how the company incorporates either a centralised or decentralised approach. The company had used a decentralised one in previous years when it came to their marketing strategies. This is stated by an employee from LuckyFace:

“...it was a bottom-up approach, so local countries used to create their own thing based on their local needs...” - N5.

However, in the last year, the company has implemented a centralised approach. Below, an employee from the company who works within the global management in LuckyFace, in marketing, is quoted as stating that under a decentralised approach the brand was *fragmented*.

“I think it worked for most countries, right, and you could see the growth within the countries. However, what that lead to is a fact that we started having a fragmented brand...” - N5.

“...So last year we had a change in operating model where now everything was centralised. So now we – everything is happening at a global level. Strategy is happening at a global level. Communication development is happening at a global level and what we do now is we try to sort of filter the insights into global, but the communication and the innovation comes from global.”-N5.

However, one participant stated that it is important to have local insights and expertise from host countries:

“...need local expertise and working together with the local markets to understand and be aware of cultural nuances.” – N1

Additionally, one employee of the company said that as much as a centralised approach to marketing strategies and communication may be beneficial to the company and other companies, there are still aspects that need to be kept in mind:

“It’s very difficult, but I think it helps with it being one big brand, but it also then brings the challenges of like what you showcase. Like how you then still manage to talk to that little girl in South Africa for instance from a global perspective.” -N5

It is noted that employees within LuckyFace expressed that a centralised approach for the brand and the company made more economical sense, and it would create a more cemented brand image as opposed to the *fragmented* one which they felt the company was experiencing previously. However, as stated by the participant above, although there are benefits to a centralised approach, like creating one big brand, there are challenges that may come with such an approach to marketing communication and strategies.

4.5. The change in consumer behaviour towards advertisements has changed the way in which MNEs adapt to cultural distance

4.5.1. The role of social media and different generational views and its impact on consumer behaviour

One of the most frequent themes that arose throughout the interviews, and was highlighted by the participants, was their view that one of the reasons consumer behaviours towards politically and racially incorrect advertisements has shifted over the years is factors such as social media. Some stated that that is one of the major reasons that has shifted consumer behaviour towards advertising. One of the participants went on to say:

“I think aspects like social media, or the digital world has increasingly made information as accessible as possible”. -N6

In addition, within the theme of social media, it was found that many of the participants believed that “...social media has basically amplified people’s voices”. -N5

Two statements above highlight how social media and the development of technology have made information more accessible to everyone, including consumers. Consequently, with consumers’ increase in knowledge such as politically correct behaviour and nuances, their opinions have changed on matter regarding politically incorrect advertisements. Additionally,

social media platforms have *amplified* their voices as they have been given a platform to freely voice their opinions, and in some cases dissatisfaction.

Besides social media being regarded as one of the factors that has increased consumers' tolerance of politically incorrect advertisements, another prominent theme that came up was the generational difference in terms of the reaction to such advertisements and even the call for diversity within advertising. The following statements highlight such a concept:

“So, there has of course been a significant change before people didn't used to speak about it as much but now people are quite cognisant of those factors, and you have to be as inclusive as possible”. – N6

“...a lot more exposed to international trends and they also are a lot more globally sensitive in terms of, you know, what's happening...” -N8

In one case, there was a participant who expressed how they had loved watching Friends, the television show, when they were younger. But when they saw an article on social media stating how the television show displayed misogynistic and homophobic behaviour, they were surprised to see this. It left them wondering and pondering about how the show they had loved 15 years ago had been fun and humorous, but now for today's audience it would be deemed politically incorrect. This is expressed in their statement below:

“I think social media – like, had I not seen that article I never would have re-watched so I wouldn't have been aware of it.” –

The statement above illustrates how social media and technology have increased the participants' awareness of and sensitivity to politically incorrect advertisements. Furthermore, it underlines how advertisements or television shows that aired over a decade ago, and the humour and context within them, would be met with a different view for the current generation as opposed to the older generations.

It was found that many of the participants were of a similar view that in the past consumers did not speak out as much. However, some participants' views differed, and they said that there is now a “two-way communication” as opposed to years ago, which allows consumers to interact with the brand and other consumers more, this two-way communication being social media.

As stated by a participant:

“...we probably got many things wrong, but we didn't really hear about it because the intentions were always good.” -N1

This phrase above rather pegs the notion that advertisements that were politically incorrect five or ten years ago were still likely met with much dissatisfaction and likely deemed by many as racially or culturally insensitive. However, because social media and technology were not as advanced or prominent as a form of communication between consumers and companies, it was likely that there were complaints, but the companies just never heard about them.

However, this is not the case in recent years and consumers and the public have been quick to express their dissatisfaction with brands in terms of their advertising or product offering. The topic of skin lightening in West Africa and the health conditions attached to it was one that was a huge topic of conversation at the time, with the government in Ghana passing a law the year prior banning creams that contain hydroquinone due to its possible relation to bleaching and health concerns.

Within this theme was the link between the increase in social media usage and increased sensitivity and being more cognisant of different cultures and their nuances, as one participant said:

“So, people know, are more aware or cognisant of their rights and also the access to information has been made superfast.” – N6

“...social media, which is very active in amongst the younger generations and that has made the world an oyster”. – N8

and how this has also influenced how different generations react to some advertisements. An employee from LuckyFace touched on how the generational shift in advertising has impacted how marketing strategies and campaigns are adapted and broadcasted:

“...So, you see, younger generation demanding it and therefore companies adapting to it, but you still see that some of the older generation sometimes even fears, you know, what would I say? They even reject it to some extent even...” -N1.

The above statement highlights the different generational views on diversity within advertising and how it may be difficult for brands to accommodate the demand of the younger generation for diversity, and the hesitancy from the older generation.

The following statement expresses how advertising has changed, regarding what is socially and politically acceptable:

“Five years ago, it was totally appropriate to market that a product is whitening your skin and making it fairer and therefore you are more beautiful”. – N1

This was also in relation to the “Fairer skin” advertisements broadcasted by the company in 2017 in West Africa which caused a significant backlash for the company. The advertisement was deemed to be racist and promoting colourism.

4.5.2. Representation within the team impacts production of advertisements

Furthermore, in line with the theme, the topic of the importance of representation in marketing was brought up and how it has become increasingly important over the years to have representation in advertising campaigns. Below is a quote from a participant relating to this finding:

“You can’t talk to someone where you don’t showcase someone that doesn’t look like them...” -N5.

The aspect of there being many cultures within one culture and the difficulty of understanding the culture in different countries, was expressed by one of the participants:

“Because we have these very strong sub-cultures and that is a lot harder to manage you know, than a national culture because it’s harder to understand them as quickly as you need to...” – N7

Consequently, the concept that cultural distance is not the only distance that may impact how an MNE adapts their marketing strategies to the host countries is expressed by a marketing expert and is further stated by an employee from within the country working at the HQ in the host country. These are illustrated below:

“...you know, the regulatory landscapes are different, so those are some of the things. For example, the level of advancement in technology are quite different across different countries. There is the aspect of political goodwill, and this runs across different countries.” – N6

An interviewee from the company expressed that there are legal aspects that are out of their control which hinder the types of advertisements they wish to broadcast in some of the host countries:

“...Unfortunately, you still have a few countries in the world where it’s illegal”. -N1

This quote was part of further explaining that since it is pride month, LuckyFace is a company striving to be more diverse and inclusive in the advertising, and therefore they built campaigns supporting pride month. However, the interviewee said they are not able to broadcast some of these advertising campaigns because some countries where the brand is present do not legally allow such promotions.

When further explaining the importance of cultural representation in advertising today, the participant went onto state:

“Our biggest issue is the fact that there’s no representation in the people who are creating the stuff.” – N5

This evidently creates a possible link between representation within the company and how that is reflected in the advertisements that are produced, more specifically ones that may be deemed culturally insensitive.

However, LuckyFace has implemented a process which aims at counteracting the diversity and adaptability they may lose with taking on a centralised approach, with one participant N1 referring to it as *“centre of excellence”*. This would be a department within the marketing department that adapts the global strategy to the race, ethnicity, and culture of the consumers of the host country.

4.6. The composition of the team impacts the ability to adapt to cultural distance

4.6.1. The level of diversity in a company influences their ability to successfully adapt to the level of cultural distance in host countries

The topic of the level diversity in the company and its possible relationship with the production of racially or culturally insensitive advertisements was another theme that was a point of interest expressed by the participants. One participant said that one of the reasons such an advertisement was released was because of the people who were in the room, as seen below:

“...there’s quite clearly a breakdown, and the breakdown is who is sitting in the room and who is empowered to be able to make decisions on things like this that are going out to the market.” – N9

This was further supported by another marketing expert who said:

“...ultimately it depends on who has a seat at that table, right?” – N9

Through the interviews it became very evident that how the team is made up, who is in it and how diverse it is, are all aspects that the participants considered would determine how well MNEs can adapt to the level of cultural distance in host countries. The quotes below from participants relate to this notion:

“So, if the composition of the team is wrong then you know already, you’re coming up with the wrong thing.” - N6.

“For you, for a company to be diverse in their messaging and their approach I think it starts within and if I look at all the other companies that are really doing it well, if you look at from the top to the bottom you can see that that company is actually living what they’re saying.” – N5

In support of this notion, some participants referred to the impact culture has and the emergence of work culture:

“I think culture has played an enormous role, and for example the work culture that has come to light...” – N7

Additionally, some participants felt that the use of local talent from the host country would help to strategize and assist in adapting to cultural distance in the host country:

“.... So, it should be more local talent, so, local talent that really there’s a plan to develop and grow that talent.” -N1

Another participant mentioned a point that had not originally been thought of by other participants, or at least expressed openly. This was the concept of *“Internal cultural distance.”* – N10

When asked to elaborate on this notion further, to gain a clear understanding of what they mean by stating such a term, the following examples were given:

“So I moved to Cape Town in January and coming from Soweto where I’ve lived for 29 years moving to Cape Town to a majority white office and working on brands that largely speaks to black people has been quite an interesting journey, because you find yourself a lot of the time either translating things or going that’s not going to fly because that’s not – that’s not how to say things, or that’s not funny, or that’s not smart humour.” – N10

“I was sitting there praising the ad and a white counterpart from the office was saying they don’t get the ad and they don’t think it works and they don’t see how it would relate to sales. And in my head was sitting there thinking of course you won’t get.” -N10

The above statements highlight that the adaption to cultural distance may not just apply to between one country and another, but also within offices of companies. The participant expressed how one could be in a room with individuals from the same country of the same nationality, but there could still be cultural differences that may occur.

Additionally, an employee from LuckyFace suggested how the company, and possibly other MNEs, could go forth with adapting to countries with high levels of cultural distance by implementing more diversity and inclusion in the organisational structure of the company:

“...the first phase was like how do you show more representation within your coms whether it’s race, it’s gender or it’s what is it body size especially within the beauty space like we’ve looking at bodily size, how do you show different types of bodies but now we’re move into a different space now, it’s all about how do you show more diversity...” - N5

When interviewing an expert from the global human resources department of the company, who works on implementing diversity and inclusion within the company, the below statement was captured as their response to how diversity and inclusion can be filtered throughout the business and maintained.

“... it is critical to get everyone on board because of course when it comes to the success of diversity inclusion you have to have senior management commitment. You need them drive that movement through the organisation.”. -N2

5. DISCUSSION

In this section of the paper the results of the findings are analysed further and discussed. The aim of this research was to examine how multinational enterprises adapt their marketing strategies to the level of cultural distance in host countries in which they operate or wish to. The research also aimed to explore how and whether the organisational and communication structure of an MNE, centralised or decentralised, impacts their adaptation to cultural distances in their host countries. Additionally, the research explored how each of the before mentioned topics may have an impact on MNE's production and broadcasting of racially or culturally insensitive issues.

5.1. Summary of findings: Changes in consumer behaviour

Through the interviews conducted it was found that all the participants felt that consumers had become more sensitive and vocal to racially/culturally insensitive and politically incorrect advertisements displayed by MNEs. One of the reasonings for the increase in sensitivity is the technology and digital environment that has allowed consumers to have more access to information and in turn educate themselves more about the different cultural nuances around the world. More specifically, the influence of social media – social media has allowed a 'two-way communication' between brands and consumers which was not there before.

As a result, if consumers were to feel as though a brand or company was displaying racially or politically incorrect behaviour, social media has given consumers a faster and more impactful way to contact the brand and make their displeasures known. These displeasure, being on social media, are now also accessible to anyone anywhere around the world. Therefore, if a brand were to broadcast an advertisement campaign in say Kenya that was deemed racially insensitive by the consumers in that country, through social media and digital technology, this dissatisfaction could be known by an individual in America or Germany. It is no longer limited to one country, information such as this is accessible to everyone, thus everyone has an opinion about it.

Therefore, although the innovation of technology and social media has paved the way for more innovation by brands and companies, and allowed them easier access to their consumer, it has also brought about more challenges or different aspects that MNEs will have to consider which was not necessary before the introduction of technology and social media. The influence and impact of social media on the change in consumer behaviour, in this case the increase in sensitivity to politically incorrect advertisements, ratifies the importance for MNEs and global

companies to effectively coordinate their marketing activities as more consumers around the world, from different cultures and countries, have access to the brand and company (Onkvisit & Shaw, 2008).

Additionally, the theme of difference of opinion between generations was also found to be prominent in the interviews as a reasoning for the change in consumer behaviour towards advertising. It was found that there may be a link between the difference in generational opinion on advertisements and the increase in social media and technology use as stated by one of the participants. The increase in social media and digital technology has meant that individuals have access to more information and access to different opinions. Furthermore, both MNEs and consumers are more exposed to different cultural nuances than they were in the past decades. This in turn has meant that consumers expect more from brands in terms their delivery and incorporation of diversity in advertising and their marketing strategies. Consumers are quick to express their dissatisfaction if they feel as though a brand or company has released an advertising campaign deemed racially/culturally/politically incorrect. Advertisements back in the day were less diverse and as stated by one participant *“If you look into advertising 20 years ago, it was honestly, it was for all companies not just for LuckyFace, but it was white people... You had such cliché advertising...”*.

As a result, the way MNEs and brands such as BeautyBE and LuckyFace adapt their marketing strategies to the different countries and the different cultures within those countries is of importance to the companies and consumers of this generation who demand more diversity and inclusion within advertising. And this pertains to how an advertisement from headquarters in say Europe may need to be adapted for consumers in West Africa or Africa as the needs of the consumers of the brand and product may be different. The framework in Figure 5.1 below summarises the connection between social media and technology, and different views by generations, to the increase in consumer sensitivity and change in consumer behaviour towards advertising. Furthermore, the figure indicates how this influences MNEs to adapt their marketing strategies to the level of cultural distance in their host countries.

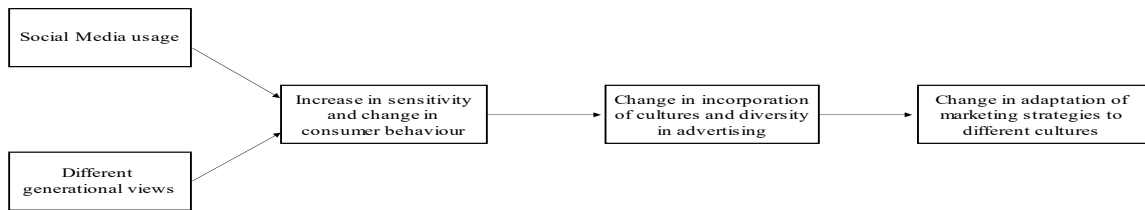


Figure 5.1: Theoretical framework for change in consumer behaviour

Thus, as mentioned in Chapter 2, it is important for MNEs and global companies to achieve international marketing agility through the incorporation of flexibility, adaptability, and responsiveness (Gomes et al., 2020). By achieving international marketing agility, MNEs and global brands, such as LuckyFace, may be more equipped to adapting to international marketing challenges such as different cultures and increased consumer sensitivity (Gomes et al., 2020). It may be difficult for firms who cannot account for and implement all trends and types of diversity within their advertisements as trends and consumer behaviour are constantly changing. However, it is an aspect that cannot be put aside when an MNE is entering a country and culture that is different from the one at headquarters because if an MNE fails to effectively analyse and interpret how the difference in cultures may impact their marketing strategy, it could lead to an incident such as the one in the case study. Additionally, because of the increase in consumer sensitivity, the backlash, and consequences the MNE will face will be significant and in turn may damage the brand image.

5.2. Summary of findings: The role of the organisational structure in adapting to cultural distance

This section looks at the theme of whether a centralised or decentralised approach in marketing communications and strategies influences how MNEs and global companies adapt to the level of cultural distance in host countries. The consensus of the participants was that the choice of an MNE to implement either of the forms of organisational communication structures is dependent on different factors and there is no one-size-fits-all. This is similar to the notion which was presented in Chapter 2 of which states that there is no correct way or choice as it will depend on the what the company is aiming to achieve as well as their approach to entering different markets and countries (Schmid et al., 2016). Some of these factors include the global

strategy of the business, the industry in which a company operates, the product they are selling, and their brand intention. Thus, these are aspects to be noted beyond cultural distance. However, it was noted that many of the participants felt as though cultural distance, of not just the host country but within the company, influences whether a business takes on a centralised or decentralised approach.

There are both benefits and disadvantages for each, such as the situation with LuckyFace for example. Before the release of the advertisement the brand had deployed a decentralised approach to their marketing communications. According to current literature, a decentralised approach would allow for companies to better respond to the needs of the consumers of different countries as the authority and responsibility to make decisions lies with the management of the host country (Schmid et al., 2016). Therefore, one could say it would allow LuckyFace to have more agility, making it easier to adapt to the changes and challenges of the international marketing environment (Cateora & Ghauri, 2014). In turn, one may think a decentralised approach would likely be a more appropriate approach in adapting to the level of cultural distance in host countries, which was the view of some of the participants.

However, what occurred was that BeautyBE ended up with a fragmented brand image of LuckyFace, a notion presented in Chapter 2, as their marketing activities were scattered geographically (Schmid et al., 2016). As a result, the company moved to a centralised approach for marketing communications and strategies. Through the centralised approach the company aimed to build a strong global brand with the responsibility and authority of marketing activities being held solely by headquarters (Hollenbeck et al., 2011). The company hoped through a centralised approach to build a stronger brand image and have strategies made at headquarters and filtered to host countries.

Through a centralised approach there would be a standardised global approach to the coordination and configuration of international marketing activities (Schuiling & Kapferer, 2004). A disadvantage to this is that it may mean a less intimate relationship with consumers in the brand messaging (Schuiling & Kapferer, 2004). This is like what was expressed by a participant who stated that through a standardised approach, it may be hard for an advertising message from Germany, or anywhere in Europe, to speak to and relate to a young girl from South Africa. Ultimately the needs and wants of a consumer in South Africa or Nigeria would be different to that of a consumer in Europe, especially with a skincare brand. Therefore, whilst looking to build a strong global brand through a centralised approach, the company could look

at filtering local insights into the global strategy by meeting quarterly or twice a year with affiliates.

Another important factor to note was that when asking an employee from the company whether their having a decentralised approach influenced the broadcasting of the controversial advertisement, and if this made them feel as though there was no correlation. However, other experts who were interviewed stated that there may be a correlation. This was quite hard to determine as the advertisement was produced when the company was using a decentralised approach; however, the advertisement came from a long-time partnership from a marketing agency in the UK.

It may be that a strictly decentralised adaptive or centralised standardised approach to marketing communications and strategies may not be the best option. However, a fusion of both to some degree may prove to be more advantageous for MNEs and global companies. However, to what extent a centralised or decentralised approach is implemented depends on what the company aims to achieve, their vision for their brand image, the resources available, and a multitude of different factors. The marketing communication strategies and structures of a company influence the types of advertisements that are presented to consumers around the world and how they are interpreted by such consumers. Consequently, this may impact how advertisements are interpreted by consumers from different countries and cultures. An advertisement that may be deemed acceptable in one part of Europe, may not be met with the same reaction from consumers in a country in Africa. If a purely centralised approach was applied and the product offering standardised, such an advertisement may not be successful in a country in Africa. Thus, allowing room for adaptation and interpretation of the global set marketing strategy, dependent on the country and the level of cultural distance, may prove beneficial to MNEs and global companies.

Consequently, LuckyFace has implemented a centralised approach to their marketing communications and activities with the aim of having a less fragmented brand and a more global one. However, the brand could create a global strategy that is made standard, but in some areas can be adaptable to appeal to the consumer needs of the host country.

5.3. The composition of the team

Based on what was said in the interviews, it is deemed that the composition of the team may play a role in or influence the production of politically or culturally insensitive advertisements. Some participants even indicated that the reason they felt there was a breakdown in

communication which led to production and implementation of the LuckyFace advertisement, is that the individuals who were ‘sitting at the table’ were not the right people who should have been making the decisions on this advertisement. The participants referred to how having diversity within the team that produces the advertisement or having diversity within the group of individuals who approve marketing strategies could be a way that companies use to adapt their marketing strategies to the level of cultural distance in the host countries.

One must wonder who was sat at the table when the decision was made to implement the infamous LuckyFace skin cream advertisement in Nigeria. However, the composition of the team does not just apply to LuckyFace and any brands under BeautyBE, but also to the external parties such as advertising agencies that are sourced by MNEs to produce and create advertisements. When interviewing one of the participants who works within an established marketing agency in South Africa, she referred to how there was an instance when a marketing campaign concept was presented to the team, and she had found it good and humorous. This is because she herself is from Soweto and grew up within that culture, and the marketing campaign concept referred to it. However, her colleague, who is from Cape Town, said he did not understand it. And she expressed how she could not help but think “*of course you do not get it*”. She used this to illustrate an example of “*internal cultural distance*”. Even within a company there is cultural distance, and it does not just apply to cultural differences between countries but also individuals within a company.

Therefore, if she had not been in the room to express why this concept is relevant and will be understood by many individuals in the country, the marketing campaign concept could have been dismissed or developed into something else that her colleague felt made sense, but in turn could be something offensive. This substantiates the importance of having the ‘right’ people in the room when approving a marketing strategy. One cannot be expected to understand all cultural nuances around the world; however, the acknowledgement that one may not know enough about one culture to comment on it or lead a marketing strategy implementation, is an important factor. This is because the research and initiative will be taken to gain local insights from consumers or employees from within that culture and this in turn could prevent the implementation of racially or culturally insensitive advertisement.

Although the term internal cultural distance was brought up for the first time by this participant, in many ways it has been expressed in different wording and statements by other participants in their separate interviews. Many of the participants continually expressed how having a

diverse team made of individuals from different cultures could factor into the implementation of politically incorrect advertisements and the adaptation to the level of cultural distance in host countries. Furthermore, one participant expressed that diversity and inclusion should be filtered throughout all levels of a company and not only within top, middle, or lower management. Diversity should start from the bottom and filter all the way to the top. It is not enough for brands to just have a person of colour as a model for their campaign and declare themselves as being diverse and forward thinking. For one, it does not display any authenticity and consumers are very attuned with such. Secondly, it does not fix the problem that lies within the company because if you still do not have diversity within teams, there may likely come a day when an advertisement deemed racially or culturally insensitive is implemented. However, such an incident may have been prevented if the company had aimed to achieve diversity internally.

The implementation of diversity and inclusion within a company comes with many benefits and advantages for companies such as LuckyFace and BeautyBE. It is reported that diverse companies are likely to outperform non-diverse companies in profitability, and the higher the representation within the company, the more likely the company is to outperform (Dolan et al., 2020). Thus, if the marketing teams were made diverse, there would be different cultures and opinions that may help brands adapt their international marketing strategies to the level of cultural distance they may encounter in host countries. Additionally, when adapting the marketing strategies to the level of cultural distance in a host country, it is important to incorporate the local team and gain local insights and identify the best manner of implementing a marketing campaign or strategy successfully in that market. Consequently, if LuckyFace had obtained local insights into the culture of Nigeria, especially regarding skin, from local teams as well as local insights from the public, a different advertisement would possibly have been produced. Furthermore, testing the advertisement on a focus group may also help the company to avoid future issues.

However, although incorporating diversity in a company will prove advantageous, it is not the full solution. Once a company has made the initiative to implement diversity, it is important that a work environment is created which fosters and shapes this diverse talent, which is when inclusivity comes into play (Dolan et al., 2020). This is to ensure that the diverse talent hired by a company proves not just advantageous, but it becomes a long-term solution and success. With regards to for example the marketing department, it could be in the form of creating a comfortable work environment which allows employees to speak out and address any issues

within in advertisement that they feel may be deemed racially or culturally insensitive by consumers. It is necessary to allow a space for employees to voice their concerns.

In many ways, diversity and inclusion are more a must these days, especially for global companies who will encounter people from different cultures around the world. Thus, it may prove vital to build on the level of cultural intelligence of employees and the company. Consequently, creating a diverse and inclusive workforce may assist with this.

6. CONCLUSION, IMPLICATIONS, AND FUTURE RESEARCH RECOMMENDATIONS

6.1. Conclusion

The research aimed to explore the different manners in which multinational enterprises adapt their marketing strategies to the level of cultural distance in host countries. Furthermore, the research aimed to unpack this question by examining how the operational and communication structure and activities between headquarters and the home country influence the adaptation of marketing strategies for the MNE.

By using the case study approach for this research, an in-depth analysis was conducted to determine how an MNE adapts their marketing strategies to the level of cultural distance in host countries was analysed. For instance, whether a company takes on decentralised or centralised approach to their marketing activities and communication is influenced by many factors. Based on the findings this could include the industry in which the company operates, the product offering, the brand image the company aims to develop, and the level of cultural distance. LuckyFace employed both methods. However, the company had made the switch from a decentralised approach to centralised to create a less fragmented brand and establish themselves as a global brand. Although literature suggested that a centralised approach may make it harder for the company to adapt to the level of cultural distance in host countries, which was also stated by some of the participants, the company had taken measures to combat this. The company implemented a system whereby a *centre of excellence*, as they call it, would be implemented in host countries which would adapt the global strategy developed at the headquarters to the race, ethnicity, and culture of the host country. This allowed for the company to develop a more structured global brand and deal with the different levels of cultural distance they encounter in their host countries around the world.

Furthermore, the compositions of the teams, referring to diversity, is a factor that was noted and identified by participants as one of the ways in which MNEs may be able to adapt their marketing strategies to the level of cultural distance in host countries successfully. Diversity, as well as inclusion, have been found to invoke innovation within companies.

Finally, aspects like social media and the different views between generations on controversial advertising was also a point of interest that was new and brought to the forefront through the

interviews. It was found that the increase in social media usage and the innovation of digital technology are linked with the increase in consumer sensitivity to advertisements that are racially or culturally insensitive. Furthermore, social media has given consumers a two-way communication between themselves and business around the world. Consumers can make their dissatisfaction about a brand, or marketing campaign, known to the brand and the rest of the world with a click of a button. Social media and the increase in sensitivity, and in some way low tolerance, towards racially insensitive advertisements means that it is more important for global brands who will encounter a multitude of cultures, like LuckyFace, to understand the significance of the cultural distances in the countries they operate in.

6.2. Implications

Through the research it was found that aspects like social media, the development of technology, and the difference in views between generations, are aspects that can influence the way MNEs adapt their marketing strategies to the level of cultural distance in host countries. This was a new theme that had not been identified in literature that was previously examined, thus it presented itself as a new theme that should be accounted for in the future study of cultural distance in relation to the marketing strategies of MNEs. This theme also gave a new perspective and more in-depth look into how companies' reaction and handling of the level of cultural distance in host countries has changed over the decades. The development of technology and social media has allowed consumers more access to information around the world, and thus they have had access to the different cultural nuances of many groups and cultures around the world. Therefore, consumers' sensitivity towards brands and companies that produce and implement advertisement and marketing strategies that offend a culture or group of individuals has in many ways increased. Consumers tolerance towards such advertisements has decreased, and with social media their dissatisfaction with the companies can be made known with one tweet and click of their fingers. A two-way communication has been created between companies and their consumers from all over the world. As a result, now more than ever the pressure for brands to avoid such incidents and results such as LuckyFace, and many other companies, is more important.

One wrong advertisement that leads to the offending of a culture or group of individuals could ultimately be the downfall of a brand. Thus, the influence of this theme regarding how MNEs develop their marketing strategies to the level of cultural distance in host countries is one that

is highly relevant to existing literature, and MNEs, and should be explored in more depth in the future.

The composition of the team plays a role in how well MNEs can adapt to the level of cultural distance in host countries. Thus, having diversity within the teams and the company is a way to improve innovation as well as possibly avoid the implementation of advertisements in host countries that may be deemed racially or culturally insensitive. Additionally, to have diversity prove itself as an advantageous step for a company, it is important, beyond having more diversity in the company, to create an environment that allows employees to voice their potential objections towards a possibly offensive advertisement. This is when inclusion comes in as a factor.

Furthermore, the findings on the influence of the organisation structure and marketing communication and activities were that there is no one right method for a centralised or decentralised approach, as depicted by past literature. However, a company does not have to take on a completely centralised or decentralised approach to marketing communications and activities, but like LuckyFace for instance, a centralised approach may be taken with space for adaption and attributes of the decentralised approach.

6.3. Future research recommendations

As globalisation continues to grow and more companies are expanding their operations into different countries, and consequently different cultures, a further more in-depth exploration is required of not just cultural distance, but other distances and factors, on how MNEs adapt their marketing strategies to different countries. It has been critiqued for many years that use of the Hofstede's model only as a form of exploring cultural differences between countries is not sufficient as it tabs into other factors like subcultures within cultures. Thus, the exploration of cultural distance alongside other theories such as ethnolinguistic fractionalization.

7. LIMITATIONS

There was a time limitation to the research, therefore there was not enough time to further explore newly presented themes and develop them more. Additionally, due again to time constraints, only one advertisement and one MNE were looked at. However, if time had allowed so, observing other similar cases by global brands and MNEs may have helped in identifying a pattern or theme amongst MNEs and their adaption to cultural distance in host countries. Additionally, since the topic of discussion is one that is controversial, there was some hesitancy from past participants to engage in the discussion of the case study, thus there were some areas in which some of the participants were not willing to delve more into depth.

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APPENDIX

Image 1:

For those of u claiming the word "fairer" mean beautiful
TakeDown ya SelfHate billboards in Africa. [#BlackIsBeautiful](#)

(Nwankwo, 2017)

Image 2:

Sadly, this is a worldwide pathology, created by colonialism, exploited by
marketers. <https://t.co/OB2PtJrO6N>

(Nwankwo, 2017)

Exhibit A: Questionnaire for semi-structured interviews with marketing experts

Name:

Position:

Location:

1. How do you think consumers tolerance on politically correct/culturally adverts have changed over the years?
2. What role do you think cultural distance plays in the development of international marketing strategies of MNEs?
3. Based on your experience and expertise, what do you think MNEs can do to handle the different levels of cultural distance in different countries?
4. What are your views on the LuckyFace skin care advertisement?
5. What aspects/parts do you think may have caused the breakdown of communication and implementation of the advertisement?
6. Do you think a decentralized or centralized approach towards international marketing communications/strategies plays a role in the implementation of culturally insensitive advertisements in different countries? Please elaborate.
7. How has the marketing and interaction with consumers changed in the past 10 years? What has influenced such changes?
8. How has consumer sensitivity towards culturally/racially incorrect advertisements impacted the development and implementation of marketing strategies?
9. The international marketing environment is constantly changing with consumer preferences, how do you think MNEs can in the future handle the dynamic and complicated international environment?
10. Any recommendations/suggestions for future MNEs on how to adapt to their marketing strategies to countries with high level of cultural distance?
11. What are some of the challenges in which MNEs may experience when operating in countries with a high level of cultural diversity such as South Africa?

Exhibit B: Questionnaire for semi-structured interviews with employees of the company

Name:

Position:

Location:

1. How do you think consumers tolerance on politically correct/culturally advertisements have changed over the years?
2. What role do you think cultural distance plays in the development of international marketing strategies of MNEs?
3. Based on your experience and expertise, what do you think MNEs can do to handle the different levels of cultural distance in different countries?
4. What aspects/parts do you think may have caused the breakdown of communication and implementation of the advertisement?
5. Does the company take on a more centralised or decentralised approach towards marketing operations and communications? Please elaborate.
6. Can you give some insight or information on the typical line of communication within the company when an advertisement or marketing campaign is being developed?
7. How has the marketing strategy within the company changed in the past 10 years? What has influenced such changes?
8. What are some of the challenges the company may have faced whilst operating in countries with a high level of culture and diversity?
9. How has consumer sensitivity towards culturally/racially incorrect advertisements impacted the company's marketing strategies? Is there certain process that have been put in place to ensure an advertisement does receive backlash?
10. The international marketing environment is constantly changing with consumer preferences, how do you think the company can in the future handle the dynamic and complicated international environment?

Exhibit C: Consent form sent out to all participants.

(CEMS) MASTER'S IN INTERNATIONAL MANAGEMENT

INTERVIEW CONSENT FORM:

Participant _____ name:

I volunteer to participate in a research project conducted by **Ntandokayise Mdladla** as partial fulfilment of the requirements for the MPhil Degree at the Graduate School of Business. I understand that the research is designed to gather information about **MNE marketing strategies and their adaptation to culturally distant host countries** and that I will be one of approximately eight people being interviewed for this research.

Background and purpose of the research

As businesses have expanded their operations over the decades and continued to enter the markets of many countries all over the world, they have come across many cultures. Culture can have a vital impact on the marketing strategies of MNEs and prove to be a possible advantage as it influences the marketing capabilities and communication of the company. Therefore, to further explore how culture influences the marketing capabilities and communication of MNEs, this research topic will delve into the influence of cultural distance.

The purpose of this research is to investigate, understand, and establish the relationship between the level of cultural distance and how MNEs adapt their

international marketing strategies to host countries with high levels of culture and diversity. Additionally, this paper also aims to identify how and why racially and/or culturally insensitive advertisements are broadcast, and whether this is because of MNEs not understanding the level of culture in a country, or if it is due to a breakdown in communication between headquarters of a firm and its subsidiaries.

Ethics approval

Ethical consent for the study has been approved by the *UCT Commerce Faculty Ethics in Research Committee*.

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time.

The interview will take approximately 45 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me at mdlnta002@myuct.ac.za or my supervisor at john.luiz@uct.ac.za.

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

Signed by interviewee

Date

.....

Signed by Student

.....

Date