



International Business Strategy

(Marketing Management)

MAY 19, 2026

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I. Examples of Marketing Failures by the Global Firms

1. Pepsi — “Come Alive” in China

- **What happened:** Pepsi’s 1960s slogan “Come alive! You’re in the Pepsi Generation!” was mistranslated in China as “Pepsi brings your ancestors back from the dead.”
- **Lesson:** critical in

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- **What happened:** Pepsi’s 1960s slogan “Come alive! You’re in the Pepsi Generation!” was mistranslated in China as “Pepsi brings your ancestors back from the dead.”
- **Lesson:** *Cultural misinterpretation can destroy a campaign.* Localization and linguistic checks are critical in global marketing.

2. Ford Pinto — Brazil Launch

- **What happened:** In Brazil, "Pinto" is a slang term for "small male genitals." The car's name became a joke and damaged its reputation.
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3. Coca-Cola — "New Coke" in the U.S. (1985)

- **What happened:** Coca-Cola reformulated its classic drink to compete with Pepsi, but customers hated the change. The backlash was so severe that the company reintroduced "Coca-Cola Classic."
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2. Ford Pinto — Brazil Launch

- **What happened:** In Brazil, "Pinto" is a slang term for "small male genitals." The car's name became a joke and damaged its reputation.
- **Lesson:** *Brand names must be tested in each target language to avoid unintended meanings.*

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- **Lesson:** *Ignoring customer emotional attachment and brand heritage can cause failure.*

4. McDonald's — India Menu Launch

- **What happened:** McDonald's initially offered beef burgers in a country where cows are sacred to many Hindus. Public backlash forced an immediate change.

5. HSBC — "Assume Nothing" Campaign

- **What happened:** HSBC's slogan "Assume Nothing" was mistranslated in several countries as "Do Nothing." The global rebranding cost over \$10 million.

4. McDonald's — India Menu Launch

- **What happened:** McDonald's initially offered beef burgers in a country where cows are sacred to many Hindus. Public backlash forced an immediate change.
- **Lesson:** *Failure to respect local culture and dietary norms can alienate entire markets.*

5. HSBC — “Assume Nothing” Campaign

- **What happened:** HSBC's slogan “Assume Nothing” was mistranslated in several countries as “Do Nothing.” The global rebranding cost over \$10 million.
- **Lesson:** *Consistency in translation and message clarity are essential in global branding.*

6. Gap — Logo Redesign (2010)

- **What happened:** Gap changed its iconic logo without warning customers. Backlash on social media forced a reversal within a week.
- 

7. Sony — PSP White Campaign

- **What happened:** Sony ran an ad for its white PlayStation Portable showing a white woman dominating a black woman — criticized worldwide as racist.
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6. Gap — Logo Redesign (2010)

- **What happened:** Gap changed its iconic logo without warning customers. Backlash on social media forced a reversal within a week.
- **Lesson:** *Brand identity changes should involve customer engagement and testing.*

7. Sony — PSP White Campaign

- **What happened:** Sony ran an ad for its white PlayStation Portable showing a white woman dominating a black woman — criticized worldwide as racist.
- **Lesson:** *Visuals must be reviewed for cultural and racial sensitivity.*

8. Colgate — “Cue” Toothpaste in France

- **What happened:** Colgate launched a toothpaste called “Cue” in France, unaware that “Cue” was also the name of a pornographic magazine.
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9. Walmart — Germany Exit

- **What happened:** Walmart failed in Germany due to cultural mismatches (e.g., enforced smiling seen as fake, and centralized pricing). The company exited the market in 2006 after huge losses.
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8. Colgate — “Cue” Toothpaste in France

- **What happened:** Colgate launched a toothpaste called “Cue” in France, unaware that “Cue” was also the name of a pornographic magazine.
- **Lesson:** *Market research must include local brand associations.*

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- **What happened:** Walmart failed in Germany due to cultural mismatches (e.g., enforced smiling seen as fake, and centralized pricing). The company exited the market in 2006 after huge losses.
- **Lesson:** *Adapting management and service styles to local consumer expectations is vital.*

10. Kellogg's — India Entry

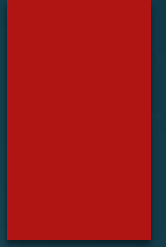
- **What happened:** Kellogg's cold cereals didn't fit Indian breakfast habits (warm, savory foods). The product didn't sell until the company localized it years later.



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- **What happened:** Kellogg's cold cereals didn't fit Indian breakfast habits (warm, savory foods). The product didn't sell until the company localized it years later.
- **Lesson:** *Consumer behavior and eating culture should shape product strategy.*

II. Macro Level Marketing Analysis



ADVANCED INTERNATIONAL MARKETING

Graduate Reading Material

Empirical Research in International Marketing: Consumer Behavior, Brand Strategy, and Technology Acceptance

Topics Covered

Part I | Cross-Cultural Consumer Behavior

Part II | Brand Localization & Standardization

Part III | Technology Acceptance: TAM, UTAUT & Beyond

Cross-Cultural Consumer Behavior↵

Understanding how consumers from different cultural backgrounds perceive, evaluate, and respond to marketing stimuli is foundational to international marketing strategy. Decades of empirical research reveal that cultural values, social norms, and cognitive styles profoundly shape purchasing decisions, brand loyalty, and information processing.↵

1.1 Theoretical Foundations↵

Hofstede's Cultural Dimensions Framework↵

Geert Hofstede's six-dimensional model remains the most widely cited cultural framework in empirical marketing research. Originally derived from IBM employee surveys across 40+ countries, it offers quantified scores enabling cross-national comparison.↵



Dimension↵	Low Score Cultures↵	High Score Cultures↵
Power Distance (PDI)↵	Denmark, Austria — flat hierarchies, participative decisions↵	Malaysia, Philippines — deference to authority, top-down marketing↵
Individualism (IDV)↵	Guatemala, Colombia — group loyalty, WOM influential↵	USA, Australia — personal benefit appeals, self-expression↵
Masculinity (MAS)↵	Sweden, Norway — quality of life, nurturing appeals↵	Japan, Hungary — achievement, status, competitive framing↵
Uncertainty Avoidance (UAI)↵	Singapore, Denmark — open to novelty, less risk messaging↵	Greece, Portugal — need for certainty, warranties matter↵
Long-Term Orientation (LTO)↵	Morocco, Nigeria — tradition, quick gratification appeals↵	China, South Korea — persistence, future-oriented branding↵
Indulgence (IVR)↵	Russia, Pakistan — restrained, duty-based messaging↵	Mexico, Sweden — enjoyment, lifestyle, pleasure appeals↵

1.2 Empirical Evidence: Key Research Streams↵

Cultural Values and Online Purchase Behavior↵

A landmark cross-national study by Gefen, Karahanna & Straub (2003) examined e-commerce trust across the US and Israel, finding that uncertainty avoidance (UAI) significantly moderated the effect of perceived usefulness on purchasing intent. Consumers in high-UAI societies demanded more assurance mechanisms (e.g., guarantees, testimonials) before transacting.↵

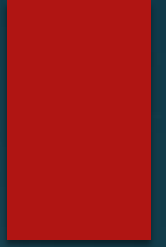
Research Insight: Key finding: In high-UAI markets (e.g., Japan, South Korea), trust-building features such as verified reviews, money-back guarantees, and institutional endorsements increase conversion rates by 18–35% compared to low-UAI markets.↵

1.4 Case Study — McDonald's Cross-Cultural Adaptation↵

McDonald's global strategy exemplifies culturally responsive consumer behavior management. Rather than uniform positioning, the firm employs what researchers call a 'glocal' approach — standardizing operations while deeply localizing the consumer experience.↵

- India: Elimination of beef products; introduction of McAloo Tikki and Maharaja Mac. Research by Vignali (2001) attributed market success to alignment with collectivist values and respect for religious dietary norms (UAI moderation).↵
- Japan: Teriyaki Burger, Green Tea McFlurry, seasonal limited editions that align with Japanese high-context culture's emphasis on novelty, aesthetic packaging, and ritual consumption occasions.↵
- South Korea: Shrimp Burger and rice-based items reflecting local taste preferences, combined with aggressive social media campaigns targeting high-LTO and collectivist orientations.↵
- Middle East (Halal markets): Complete halal certification paired with family-focused store design reflecting high PDI and conservative social norms.↵

III. Micro Level Marketing Analysis



I. Psychological Theories Explaining Customer Behavior in Marketing Management

1. To understand why customers click "buy," marketing management leans heavily on several psychological theories.
2. Here's a breakdown of the core frameworks

1. Maslow's Hierarchy of Needs

This theory suggests that people are motivated by a five-tier hierarchy of needs.

- **The Logic:** Humans satisfy basic needs (food, safety) before moving to higher-level needs (belonging, esteem, self-actualization).
- **Marketing Application:** Brands position themselves based on these levels. For example, **Volvo** focuses on "Safety" (base of the pyramid), while **Rolex** focuses on "Esteem/Status" (top of the pyramid).



SELF ACTUALIZATION



ESTEEM



**LOVE AND
BELONGING**



SAFETY



PHYSIOLOGICAL NEEDS



1. Maslow's Hierarchy of Needs

✓ Core Idea

Human needs are arranged in a **five-level hierarchy**, and people buy products to satisfy their most pressing need.

1. **Physiological** (food, water, shelter)
2. **Safety** (protection, stability)
3. **Social** (love, belonging, relationships)
4. **Esteem** (status, recognition, respect)
5. **Self-actualization** (personal growth, achieving one's potential)

✓ Marketing Applications

- Bottled water → 
- Insurance, safe cars (Volvo) → 
- Starbucks "community vibe" → 
- Luxury brands (Chanel, Rolex) → 
- Travel, education, personal training → 

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- Insurance, safe cars (Volvo) → safety
- Starbucks "community vibe" → social need
- Luxury brands (Chanel, Rolex) → esteem
- Travel, education, personal training → self-actualization

2. Freudian Psychoanalytic Theory

✓ Core Idea

Consumers' buying decisions are influenced by **unconscious motives**, hidden desires, and deep emotional impulses.

Freud's personality structure:

- **Id** → instinctual desires
- **Ego** → rational, realistic decisions
- **Superego** → moral and social constraints

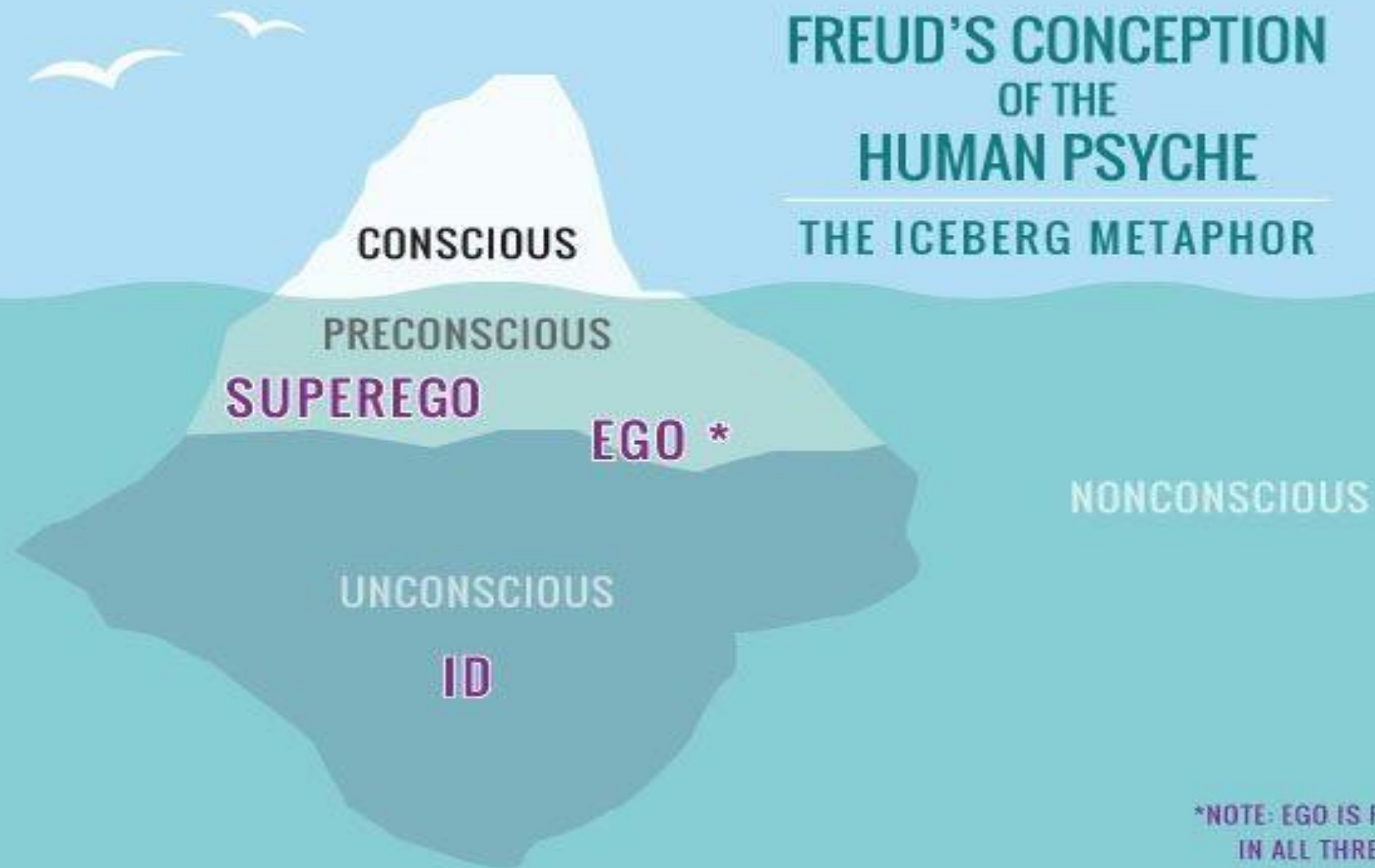
✓ Marketing Applications

- Perfumes and cosmetics appeal to unconscious desires for attractiveness
- Sports cars or luxury goods signal power and dominance
- Comfort food appeals to emotional security

Marketers create ads that trigger **emotions, fantasies, and hidden desires**.

FREUD'S CONCEPTION OF THE HUMAN PSYCHE

THE ICEBERG METAPHOR



*NOTE: EGO IS FLOATING
IN ALL THREE LEVELS

🔥 1. ID-Driven Marketing (Pleasure, desire, emotions, impulses)

The "Id" responds to **instant gratification**: beauty, pleasure, excitement, sexuality, taste, thrill, luxury, comfort.

✓ Marketing Strategies that target the Id

- Sensual or emotional imagery
- Immediate pleasure ("You deserve this")
- Luxury, attraction, desire, fantasy
- Hedonic consumption (taste, beauty, comfort)

✓ Real Business Cases

Case 1 — Victoria's Secret

- Ads using sensual images
- Appeals to sexual desire & fantasy
- Sells not only lingerie but the **feeling of attraction**

Case 2 — Coca-Cola "Open Happiness"

- Emphasis on joy, pleasure, taste
- No rational features → pure emotional impulse
- Positioning: *Drink = emotional satisfaction*

Case 3 — Porsche & Ferrari

- Ads highlight thrill, adrenaline, power
- Appeals to deep-seated desires for dominance and excitement
- "Feel the speed" → pure Id stimulation



2. EGO-Driven Marketing (Logic, evaluation, rational choice)

The "Ego" weighs appetite against reality.

Ego-driven marketing focuses on **features, benefits, functionality, price, and rational justification.**

✓ Ego Marketing Strategies

- Product comparisons
- Performance specs
- Price–value justification
- Cost savings, durability
- Safety, reliability, efficiency

✓ Real Business Cases

Case 1 — Toyota / Honda (Reliable, Practical Cars)

- Ads emphasize safety, fuel efficiency, long life
- Rational purchase reasoning
- "This is a smart choice for your family."

Case 2 — Apple MacBook Ads

- Focus on performance, battery life, security
- "M3 Chip: faster, cooler, longer battery"
- Logical argument for purchase

Case 3 — Samsung Home Appliances

- Emphasis on energy savings, smart features
- Rational reasons → "Save money every year w  high energy efficiency"

3. SUPEREGO-Driven Marketing (Ethics, morality, social norms, values)

Superego focuses on **doing the right thing**, not just personal pleasure.
Marketing appeals to morality, responsibility, fairness, and social approval.

✓ **Superego Marketing Strategies**

- Sustainability, eco-friendliness
- Fair trade, ethical sourcing
- Charity & social impact
- Community responsibility
- "Be a good person" narrative

✓ **Real Business Cases**

Case 1 — Patagonia ("Don't Buy This Jacket")

- Anti-consumption message
- Encourages ethical responsibility
- Superego response: "I want to make a socially responsible choice."

Case 2 — Starbucks Ethical Sourcing

- Fair trade coffee
- Marketing highlights moral responsibility
- Consumers buy to support ethical labor

Case 3 — Tesla (Environmental Mission)

- Positioning focuses on saving the planet
- "Driving Tesla = Doing good for the world"



3. Behavioral Learning Theory (Conditioning Theory)

✓ Core Idea

Consumers learn behavior through **stimulus–response relationships**.

There are two main types:

a) Classical Conditioning

Associating a product with a positive stimulus.

- Coca-Cola ads with happiness, music, family gatherings
- Nike paired with excitement and athletic success

b) Operant Conditioning

Behavior is shaped by rewards.

- Loyalty rewards (Starbucks Stars, airline miles)
- Coupons, discounts, points for frequent purchases

This strengthens repeat buying through **positive reinforcement**.

2. Pavlovian (Classical) Conditioning

This is about creating an association between a stimulus and a response.

- **The Logic:** If you repeatedly pair a neutral stimulus (a brand logo) with a positive stimulus (catchy music or a celebrity), the brand eventually triggers the same positive emotion on its own.
- **Marketing Application:** Think of **Coca-Cola** and Christmas. By consistently pairing the drink with holiday joy, the brand itself starts to trigger feelings of warmth and happiness.

★ Behavioral Learning Theory in Marketing

Behavioral learning theory explains that consumers learn their buying behaviors through **experience**, **stimuli**, **rewards**, and **repeated exposure**.

This theory comes from psychology and is mainly shaped by **three major scholars**.

🧠 1. Original Authors of Behavioral Learning Theory

1) Ivan Pavlov (Classical Conditioning)

- Russian physiologist
- Famous for the **Pavlov's dog experiment**
- Showed that **a neutral stimulus can create a learned response** when repeatedly paired with an unconditioned stimulus
- Foundation for *classical conditioning* in marketing

Key Concept

Stimulus → Response

Consumers learn to associate a brand with an emotional or sensory cue.

2) B.F. Skinner (Operant Conditioning)

- American behaviorist
- Developed the **operant conditioning theory**
- Behavior is shaped by **rewards (reinforcement)** or **punishments**

Key Concept

Behavior → Reward → Repeated behavior

Skinner explains **why loyalty programs and coupons work.**

3) John Watson (Behaviorism)

- Founder of **behaviorism**
- Believed behavior is learned through external stimuli
- Applied conditioning principles to advertising

Key Concept

Consumers can be trained to prefer a brand through **repeated exposure and emotional association.**

● A. Classical Conditioning in Marketing

(Pavlov)

✓ Key idea

Consumers learn to associate a brand with a **positive feeling** or **symbol**.

Case 1 — Coca-Cola “Happiness” Branding

- Red color + happy music + smiling people
 - Repeated pairing teaches consumers that **Coke = happiness**
 - Emotional association → strong brand loyalty
-

Case 2 — McDonald’s Jingle (“I’m lovin’ it”)

- Jingle + logo + fun imagery
 - Hearing the jingle triggers hunger and positive feelings
 - Repetition creates automatic response
-

Case 3 — Apple Stores (Bright, minimalist, elegant atmosphere)

- Shiny white interior + friendly staff + beautiful product display
- Repetition creates association: **Apple = premium, innovation**
- Even before customers see the product, feelings are conditioned

● B. Operant Conditioning in Marketing

(Skinner)

✓ Key idea

Consumers repeat behaviors that generate **rewards**.

Case 1 — Starbucks Rewards Program

- Buy drinks → earn points → free drinks
 - Positive reinforcement increases repeat visits
 - Over time, the behavior becomes habitual
-

Case 2 — Airline Mileage Programs

- Fly → earn miles → free flights
 - Consumers choose airlines not by price but by **reward accumulation**
 - Skinner's reinforcement at work
-

Case 3 — Supermarket Coupons

- Receive coupons → save money → feel rewarded
- Encourages customers to return
- Builds loyalty through repeated positive outcomes

★ 3. Behavioral Learning in Digital Marketing

✓ Retargeting Ads

- User visits website → sees reminder ads
 - Repeated exposure conditions interest
 - Works especially well with visual reminders (Amazon, Booking.com)
-

✓ Push Notifications

- Discount alerts → instant reward
 - Reinforces the habit of checking the app
-

✓ TikTok & Instagram Algorithm

- Likes = reward
- Users keep engaging
- Brands use the same reward mechanism with customer interactions

● Prospect Theory (Kahneman & Tversky)

✓ Core Idea

Consumers are **loss-averse**: they dislike losses more than they value gains.

✓ Marketing Applications

- "Limited-time offer" triggers fear of loss
- "Only 2 seats left" → scarcity effect
- Free trials → reduces perceived loss
- Pricing: \$9.99 feels cheaper than \$10

This theory explains **irrational consumer choices**.

4. Expectancy-Value Theory

This theory suggests that a consumer's attitude toward a product is determined by what they **expect** the product to do and how much they **value** that outcome.

- **The Logic:** $\text{Attitude} = (\text{Belief about a feature}) \times (\text{Importance of that feature})$.
- **Marketing Application:** If a customer values "battery life" above all else in a phone, a marketer will focus entirely on proving their phone lasts 48 hours to win that customer's preference.

5. Social Judgment Theory

This explains how people receive and evaluate new messages based on their existing "anchor" (current belief).

- **The Logic:** If a marketing message is too far from a person's current belief (Latitude of Rejection), they will ignore it. If it's close enough, they will accept it.
- **Marketing Application:** This is why brands often use **incremental changes**. A meat-heavy brand won't suddenly tell you to go vegan; they'll first introduce a "plant-based option" to slowly shift your anchor.

6. Cognitive Dissonance Theory (Post-Purchase Doubt)

This deals with the "buyer's remorse" people feel after making a difficult choice.

- **The Logic:** When a customer buys an expensive item, they often feel tension—wondering if they made the right choice.
- **Marketing Application:** Marketers send follow-up emails, "thank you" notes, or highlight awards to reassure the customer and turn that doubt into brand loyalty.

IV. Q&A

