



Communication in international business-to-business marketing channels

Does culture matter?

Bert Rosenbloom*, Trina Larsen

Marketing Department, Drexel University, 32nd and Chestnut Streets, Philadelphia, PA 19104, USA

Received 1 May 2001; received in revised form 18 September 2001; accepted 23 October 2001

Abstract

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

© 2002 Elsevier Science Inc. All rights reserved.

1. Introduction

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

Yet, this scenario seems a bit too simplistic. All of the hype about global B2B E-commerce, networks, hubs, electronic auctions, etc., implies that the only thing standing in the way of electronically linked businesses on a global scale

is the right technological hardware and software that, once put in place, will have global businesses operating with the precision and reliability of a Swiss watch. After all, this technocentric view suggests that the only difference between operating around the block or around the world is geographical distance. Therefore, it is just a matter of having the right satellites, telecommunications networks, and supply chains in place to solve this problem of distance [4].

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

2. Culture and cultural distance

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

* Corresponding author. Tel.: +1-215-895-6992; fax: +1-215-895-6975.
E-mail address: rosenblb@drexel.edu (B. Rosenbloom).

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

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

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

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

Table 1

Countries categorized as low context and high context

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

terized by LC cultures are the United States, Germany, and Switzerland. Examples of countries with HC cultures include Brazil, Japan, and Mexico (see Table 1).

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

3. Hypotheses

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

communications among firms participating in marketing channels consisting of firms from LC and HC cultures may elicit actions aimed at ameliorating the cultural distance by the HC channel partner. For example, the Japanese firm may ask the US firm to “clarify” the E-mail via phone calls, faxes, or letters to augment the original E-mail communication. In fact, a whole series of back and forth communication via phone, fax, and letters may be needed to help reduce the cultural distance between the LC US channel partner and its HC Japanese counterpart. As a result, marketing channel members from one culture may require much more frequent messages to effectively communicate with their channel partner than channel members in another culture in order to reduce cultural distance.

Given this potential relationship between cultural distance and communication in international marketing channels, the following hypotheses are offered:

Hypothesis 1: Fax communication frequency between international channel partners increases when cultural distance is large.

Hypothesis 2: Telephone communication frequency between international channel partners increases when cultural distance is large.

Hypothesis 3: E-mail communication frequency between international channel partners increases when cultural distance is large.

Hypothesis 4: Written communication (business letters) frequency between international channel partners increases when cultural distance is large.

4. Methodology

To explore the impact of cultural distance on communication in international marketing channels, a study of communication between US exporters and their distributors in foreign countries was undertaken. Since all of the exporters in the study were US-based, by definition they are all LC. However, to assess the effect of cultural distance on communication in the exporter–distributor marketing channel, foreign distributors from a wide variety of countries around the globe were sought. A source list of US exporters operating throughout the world was obtained from a reputable business directory publisher. Executives at each export firm were contacted by telephone to request their participation in the study. Of 250 firms contacted, 60 firms agreed to participate. Approximately 2 weeks after the initial contact, nonrespondents were contacted again via telephone to encourage their participation. Six of the returned surveys were discarded due to incompleteness, resulting in a 21.6% response rate. Of the 54 cases used for the analyses, 35 included foreign distributors from high cultural context countries and 19 were from low cultural context countries. Contacts included senior managers and other qualified

personnel most familiar with their firm’s foreign distributors. In responding to the questionnaire, managers in the export firms were asked to consider the communication that they have with only one foreign distribution partner and to indicate the country of that foreign distributor. Eighteen nations other than the United States were represented in the study and they included countries on five continents (see Table 1).

Communication frequency was assessed by asking the export managers to indicate the frequency of their communication with the foreign distributor over a period of 4 weeks. They provided information about how frequently they contacted the foreign distributor via telephone, fax, e-mail, and written letters. A five-point Likert scale ranging from *very infrequently* to *very frequently* was used to measure respondents’ perceptions of foreign distributors’ contact frequency. These respondents also provided information about how frequently they were contacted by the foreign distributor via telephone, fax, e-mail, and written letters using the same five-point Likert scale ranging from *very infrequently* to *very frequently*.

Cultural distance was assessed via Hall’s HC vs. LC cultural classification. The respondents were asked to indicate the country of origin of the foreign distributor. The foreign distributors were then classified as either LC or HC based on Hall’s classification (see Table 1). Since the US is an LC culture, when US exporters interact with foreign distributors from another LC culture, they are operating in a *small cultural distance situation*. On the other hand, when LC US exporters interact with foreign distributors from an HC culture, they are operating in a *large cultural distance situation*.

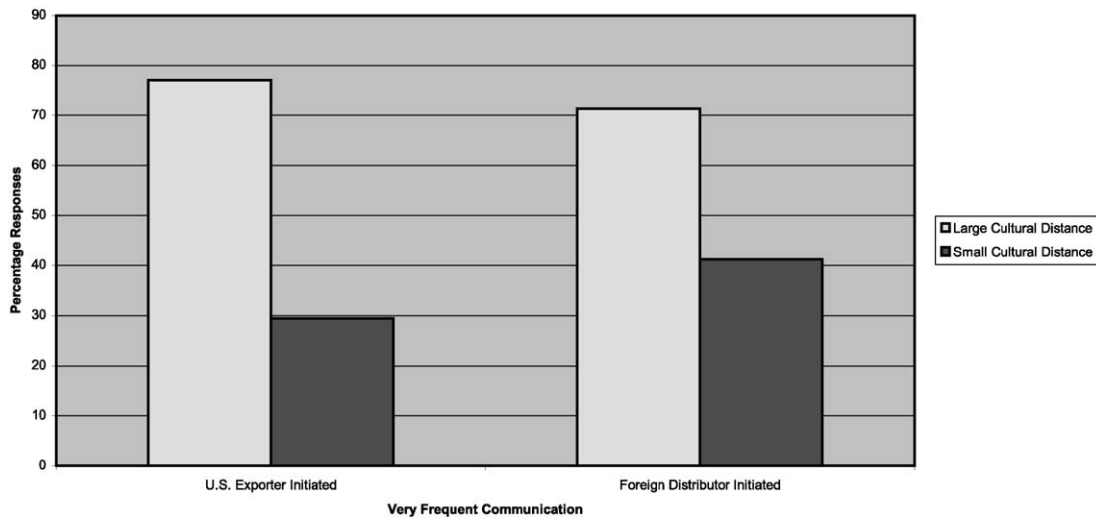
5. Findings

In order to provide the highest level of sensitivity possible for measuring respondents’ perception of how frequently they needed to communicate due to cultural distance, only the very frequently category is reported here. By focusing on the exporters’ responses at this very high level of communication frequency, the chance of including what might be considered “normal” everyday communication between the US exporters and their foreign distributors is minimized.

The following sections report the findings for communication via fax, telephone, E-mail, and written letters. Graphs of the responses at the very frequent level (5 on a 1–5 Likert scale) are presented in Figs. 1–4. Fig. 1 shows fax communication, Fig. 2 phone communication, Fig. 3 e-mail communication, and Fig. 4 written communication.

5.1. Fax communication and cultural distance

Hypothesis 1 was supported. When communicating with their foreign distributors, US exporters were much more



T-Test for U.S. Exporter Initiated is Significant at .05

T-Test for Foreign Distributor Initiated is Significant at .05

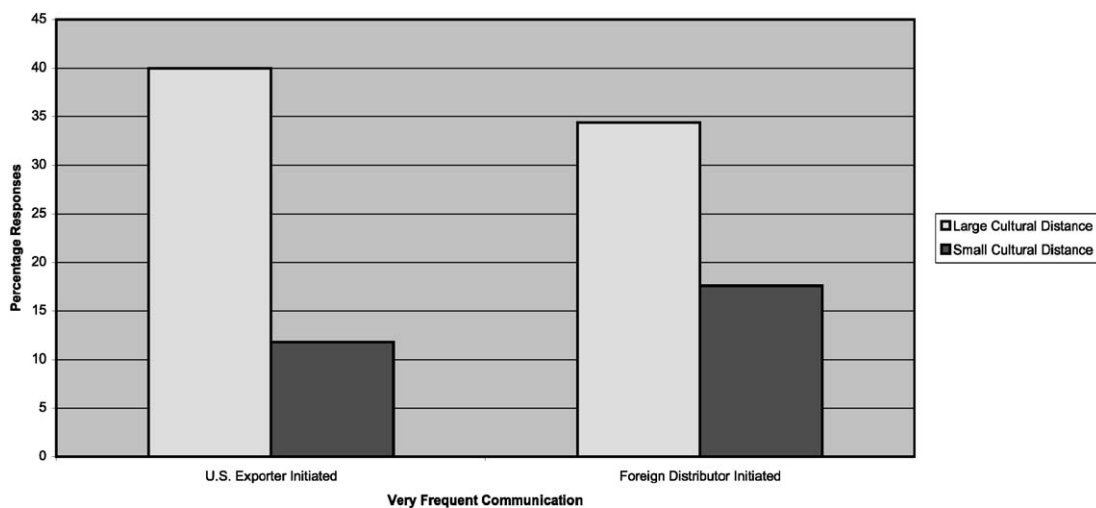
Fig. 1. T-test for US exporter initiated is significant at .05. T-test for foreign distributor initiated is significant at .05.

likely to report both initiating and receiving communication via fax at the very frequent level when the cultural distance between them and their foreign distributor was large than when it was small. Specifically, when the cultural distance was large, 77.1% of the US exporters initiated fax communication with their foreign distributors very frequently and 71.4% of the foreign distributors initiated fax communication with the US exporters very frequently. The corresponding percentages for fax communication with their small

cultural distance foreign distributors were 29.4% and 41.2%, respectively. Clearly, there was a great deal more faxing back and forth with the foreign distributor when that foreign distributor was from a culturally distant country.

5.2. Telephone communication and cultural distance

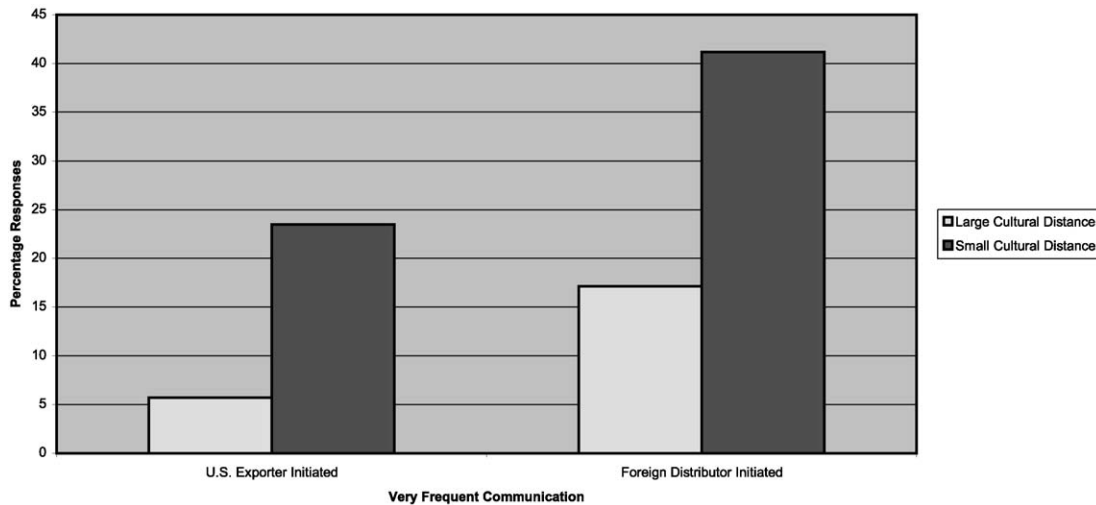
Hypothesis 2 was supported. When examining phone communication, similar results were observed. As shown in



T-Test for U.S. Initiated is Significant at .05

T-Test for Foreign Distributor Initiated is Significant at .10

Fig. 2. T-test for US initiated is significant at .05. T-test for foreign distributor initiated is significant at .10.



T-Test for U.S. Exporter Initiated is Not Significant
 T-Test for Foreign Distributor Initiated is Not Significant

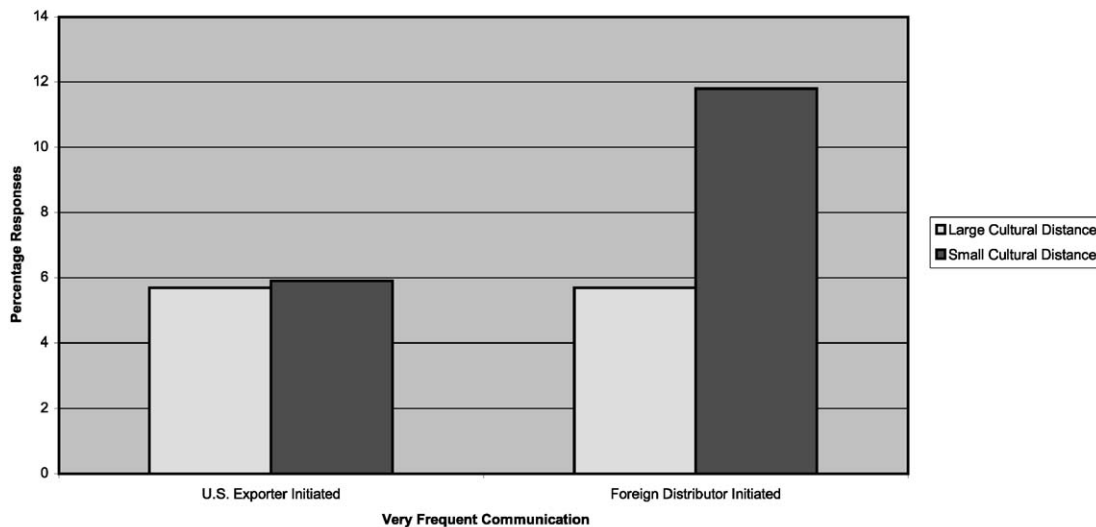
Fig. 3. T-test for US exporter initiated is not significant. T-test for foreign distributor initiated is not significant.

Fig. 2, some 40% of the US exporters initiated phone communication with their foreign distributors from culturally distant countries very frequently, while their foreign distributors from culturally distant countries initiated communication by phone 34.4% of the time very frequently. US exporters only initiated phone communication with their small cultural distance foreign distributors very frequently 11.8% of the time, and those foreign distributors initiated phone communication very frequently only 17.6% of the time. Once again, US exporters engaged in very frequent

communication back and forth with culturally distant foreign distributors much more so than with culturally close foreign distributors.

5.3. E-mail communication and cultural distance

Hypothesis 3 was not supported. E-mail communication frequency presented a very different picture. Frequency was much higher in the small cultural distance context than in the large cultural distance context. Over 23% of US exporters



T-Test for U.S. Exporter Initiated is Not Significant
 T-Test for Foreign Distributor Initiated is Not Significant

Fig. 4. T-test for US exporter initiated is not significant. T-test for foreign distributor initiated is not significant.

initiated e-mail communication with small cultural distance foreign distributors very frequently, but less than 6% did so with their large cultural distance counterparts. In addition, 41.2% of small cultural distance foreign distributors initiated e-mail contact at the very frequently level as opposed to only 17.1% of large cultural distance distributors doing so.

This seemingly opposite result for e-mail compared with the findings for communication frequency via fax and telephone probably reflects the nature of e-mail as an inherently LC mode of communication. The very terse and abbreviated style typical of e-mail communication allows little room for explanation or nuance. Thus, in the case of large cultural distance, unlike fax or telephone, e-mail is apparently not viewed as an effective medium for augmenting the flow of communication in HC international marketing channels.

5.4. Written communication and cultural distance

Hypothesis 4 was not supported. Written letters were not used very frequently by US exports or their foreign distributors, regardless of the cultural distance separating the two parties. Written letters appear to be somewhat obsolete when compared with the other modes of communication. Only 5.7% of US exporters very frequently initiated communication with their culturally distant foreign distributors and only 5.9% with their culturally close foreign distributors. Foreign distributors likewise did not initiate written communication very frequently with the US exporters. However, the percentage initiating written communication from culturally close nations was almost double that of those from culturally distant nations. Almost 12% of foreign distributors from nations with a small cultural distance from the US initiated written communication with their US exporters, while 5.7% from large cultural distance nations did so. Therefore, while the numbers of foreign distributors choosing written letters as a communication mode very frequently was not high, when the parties involved were both from LC cultures, they engaged in written communication almost twice as often as HC distributors did with their culturally distant LC US exporter counterparts. This is consistent with the expectations of LC cultures that encode more of the meaning of their communication in the actual words of a message than do people from HC cultures.

6. Discussion and conclusions

Much of the promise of B2B e-commerce on a global scale is dependent upon the efficiency that can theoretically be gained by electronically linked channel participants [2]. Thus, instead of intensive communications between people at all levels of the marketing channel contacting each other to make sure that the right products are moving through international channels at the right place and time, Internet-based e-commerce would replace all of these people-cen-

tered communication processes. In short, communication among channel participants would be computer-to-computer not person-to-person in the international B2B e-commerce scenario. Once such electronic networks are in place, with the appropriate electronic marketplace architecture and B2B software, smooth and continuous flows of products from any given country to another would occur “automatically” based on virtually perfect flows of communication through the electronic networks [3]. In such a world, good communication is dependent solely on having the right technology in place to traverse the distances separating channel participants in different countries. Variations among nations, and their peoples stemming from different cultures would be irrelevant in such a scenario. Cultural distance, if it exists, would be erased by the awesome power of the Internet.

Our exploratory study of communication in international marketing channels suggests that such a scenario may be overly optimistic and naive if substantial “cultural distance” exists among international channel participants. Indeed, when the exporters from the LC US culture dealt with foreign distributors from HC cultures, “old fashioned” fax and telephone communication took place much more frequently than when the US exporters dealt with foreign distributors from LC cultures. Moreover, the more “modern” e-mail communications between US exporters and foreign distributors took place more frequently when both exporter and foreign distributor were from LC cultures, reflecting the limitations of the terse style of e-mail to fill in the gaps in communication between channel members from different cultural contexts.

Of course, in this study, the US exporters and their foreign distributors were not yet part of an Internet-based electronic network. They were linked only in the sense of having established trading relationships in conventional channels of distribution. Thus, one might argue that if these same firms were to become part of a B2B e-commerce network their communication patterns would automatically change. Exporters and foreign distributors frequently reaching for the phone or constantly turning to the fax machine to clarify communications when cultural distance is high would, therefore, quickly cease. Frankly, it is doubtful that such would be the case. Indeed, the need to augment the totally impersonal electronic communications flowing over the Internet via “old fashioned” but more comfortable modes of communications might be greater than ever in the new electronic marketing channels. The need to ask questions, get clarifications, and reassurances so as to achieve a acceptable comfort level will not suddenly disappear for channel members from HC cultures simply because they are electronically linked to a network [16].

6.1. Managerial implications

The study does not indicate that cultural distance will be a drastic impediment to the application of electronic technology to international marketing channels. It does suggest,

however, that cultural distance does affect communication in international marketing channels by fostering the need for more human involvement in channel communications. This should be taken into account in the planning and development of international business-to-business marketing channels that must span the distance between LC and HC cultures. Consequently, executives responsible for managing international channels in situations where cultural distance is large may expect to be called on relatively frequently to help clarify and expedite channel communications. And, even in the age of advanced communications technology, managers will often have to utilize such “old fashioned” means as the telephone and fax machine to do so.

References

- [1] Czinkota MR, Ronkainen I, Moffett MH, Moynihan EO. *Global business*. 3rd ed. Harcourt College Publishers; 2001.
- [2] Nakache P. What you need to know about purchasing online. *Harv Manage Update* (July 3–5).
- [3] Kaplan S, Sawhney M. E-hubs: the new B2B marketplaces. *Harv Bus Rev* 2000;97–110 (May–June).
- [4] Moon Y. Network technology and the role of intermediaries. *Harv Bus Sch Note* (January 19).
- [5] Terpstra V, David K. *The cultural environment of international business*. 2nd ed. South-Western Publishing; 1985.
- [6] Ferraro GP. *The culture dimension of international business*. 2nd ed. Englewood Cliffs, NJ: Prentice-Hall; 1994.
- [7] Hofstede G. *Culture and organizations: software of the mind*. Berkshire, UK: McGraw-Hill; 1991.
- [8] Hofstede G. *Culture's consequences*. Beverly Hills, CA: Sage; 1980.
- [9] Trompenaars F, Hampden-Turner C. *Riding the waves of culture*. 2nd ed. New York: McGraw-Hill; 1998.
- [10] Hall ET. *Beyond culture*. Garden City, NY: Anchor Press/Doubleday; 1977.
- [11] Hall ET. *Hidden differences: studies in international communication*. Hamburg: Grunmer & Jahr; 1983.
- [12] Hall ET, Hall MR. *Understanding cultural differences*. Yarmouth, ME: Intercultural Press; 1990.
- [13] Triandis H, Albert R. Cross-cultural perspectives. In: Jablin F, et al, editors. *Handbook of organizational communication: an interdisciplinary perspective*. Newbury Park, CA: Sage Publications; 1987. p. 264–96.
- [14] Samovar LA, Porter PE, Jain NC. *Understanding intercultural communication*. Belmont, CA: Wadsworth; 1981.
- [15] Mohr J, Nevin J. Communication strategies in marketing channels: a theoretical perspective. *J Mark* 1990;50:36–51.
- [16] Evans P, Wurster TS. Getting real about virtual commerce. *Harv Bus Rev* 1999;85–94 (November–December).

Bert Rosenbloom is Professor of Marketing and the Rauth Chair of Electronic Commerce Management at Drexel University in Philadelphia, PA.

Trina Larsen Andras is Professor and Head of the Marketing Department at Drexel University in Philadelphia, PA.