

Marketing and Culture in a Changing World

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What is changing ?

- Demography and Society
- Cultural Environment
- Economic Environment
- Political / Legal Environment

What are the indicators and implications for Marketing ?

The External and Internal Forces for Change

External Forces

Demographic Characteristics

- * Age
- * Education
- * Skill level
- * Gender
- * Immigration

Technological Advancements

- * Manufacturing automation
- * Office automation

Market Changes

- * Mergers and acquisitions
- * Domestic and international competition
- * Recession

Social and Political Pressures

- * War
- * Values
- * Leadership

Internal Forces

Human Resource Problems/Prospects

- * Unmet needs
- * Job dissatisfaction
- * Productivity
- * Participation/turnover
- * Absenteeism and suggestions

Managerial Behaviour/Decisions

- * Conflict
- * Leadership
- * Reward systems
- * Structural reorganization

The need for change

Demography and Society

12 % growth in world population from year 2000 to 2015

- of this total growth 96 % has come from the developing world
 - 25 % from Africa
 - **62 % from Asia**
 - 10 % from Latin America

Decline of EUR population minus 1,1 % (2015)

- Germany from 80 mio to 68 mio by 2100

Need for International Immigration

- Germany needs to import **half a mio** immigrants a year
 - to keep the working-age population stable up to 2050
 - at current birth and death rates

Asylum seekers / Immigrants (2015)



Asylum seekers / Immigrants (2018)



Germany and Immigration

The Changing Face of the Country

- +since 2015, just under 1,5 mil refugees have arrived in Germany
- +Many Germans feel foreign in their own country and are afraid that Immigration is changing their homeland rapidly
- +Every fifth person in Germany comes from an immigration background and that number will continue to climb
- +Female immigrants are contributing significantly to the fact that Germany's birth rate is raising again

Age related trends

- Teenagers: a global group with many common traits (music, fashion, brands)
- life stage, not chronology; **age determines less**
- movement to keep young(er); stay young at heart, at least
- ageing population is the dominant force for all EUR countries and Japan

Median : Pakistan 23 → Germany 46

Population aged over 65 (%) : PK 6 → D 21

40 % of all European families have no kids at all; just 5 % have 3 or more

Changing Consumer Segmentation Principles

Affluence: Money rich / time rich
Money rich / time poor
Money poor / time rich
Money poor / time poor

Youppies

Dinkies

LoHaS

2016

**...out of 82 million inhabitants in Germany
there are more people over 65 years of age
than people under 20**

**...out of some 190 million Pakistani, half of
them are currently under 20 years of age
and 66 % are under 30 !**

**Pakistan's population is projected to exceed
240 million by 2025**

Evolution in the structure of family

- more working women/ dual income households
 - female employment all over EUR rose steadily to 61 % (2015)
 - women are increasingly financially independent
- working patterns changing (week-end, night, at home...)
- attitudes towards the influence of minority groups (immigrants)
negative in parts of the EU

Health Awareness

- awareness of health and nutrition increasing
- need for fitness activities is growing
- concern about health is often more a female issue
- healthy eating is on the rise
- health awareness is linked to education

The Economist

DECEMBER 13TH-19TH 2003

www.economist.com

Russia's broken democracy

PAGES 22-24

Europe's constitutional squabble

PAGES 27 AND 31

The future of flight

PAGES 75-77

A SURVEY OF FOOD

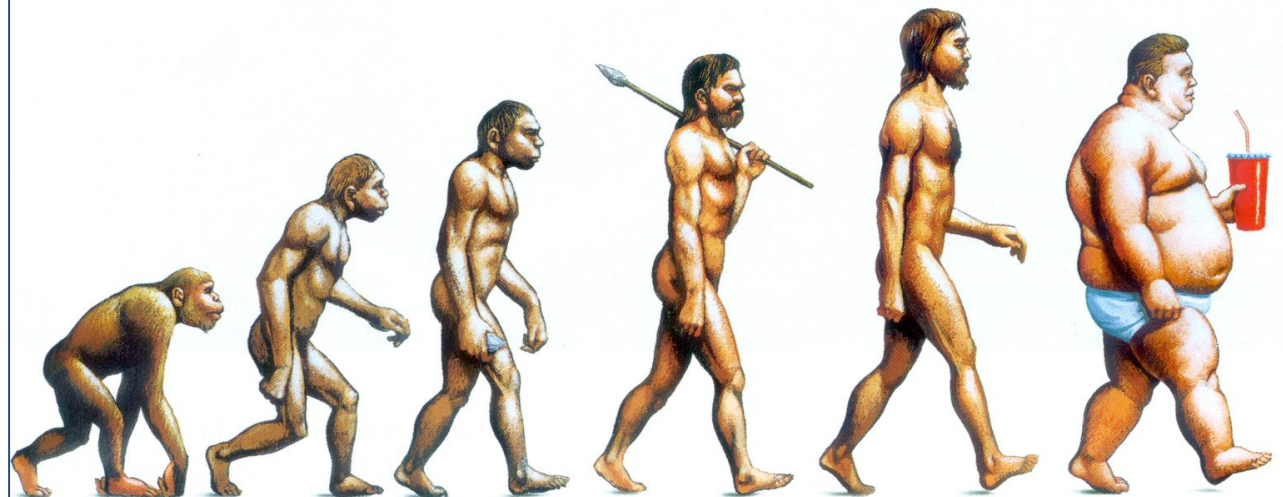
AFTER PAGE 50

OBESITY

An Expanding Problem

The shape of things to come

December 13 - 19, 2003





38% of Canadian between 7 - 13 yrs are overweight, 16% are obese

Canadian Medical Association Journal, November 2015

15 - 18% of the Chinese youth are obese

World Health Organisation 2015

Obesity in children grew 20% in Germany and 100% in the UK in the last ten years

Health awareness (cont 'd)



Obesity

- 60 % of American adults are either overweight or obese
- Britain has become one of the fattest nations in EUR
- **obesity is becoming a global problem**
- many countries face the double burden of under- nutrition and over-nutrition

Health awareness (cont 'd



Vegetarians

- vegetarianism is both rising in profile and gaining popularity among a wide consumer base
- motives for meat reduction: health, ethnics, and the environment
- true vegetarianism is heavily concentrated in the younger age groups

" To develop from an agro-food company towards one that cares about the wellness of body, soul and mind of our consumers. This will be the future heart-beat of our business."

Peter Brabeck (CEO)

Blue Print for the Future

May, 2002

" We will advance from a food transformation company to a premium R&D dependent, innovation / renovation driven health and nutrition provider ".

" We will grow from a respected trustworthy food company into a respected trustworthy health and wellness company ".

Peter Brabeck

Environmental Awareness



concern about the environment has become an issue to an increasing proportion of the population. The change from a minority, radical, political interest to a widespread self- interest has happened, or will in virtually all countries.

- pressure should be expected from legislation; → pre- empt !
- the environmental debate has moved towards sustainable development
 - climate change protection through energy conservation
- **environmental awareness is linked to age, education, and gender**

Media and Brand Communication



The future of the media landscape is difficult to predict

- all media (from traditional print to www) play an important role in the development of global culture. While local channels often dominate, the content is often foreign, often American
- **Media choice** grows exponentially – **media time** for the consumer stays the same
- **social media** is universally enjoyed - esp. targeting young people
- Internet has changed the way we live our lives
- Google, Facebook, Twitter,..... „fake news“

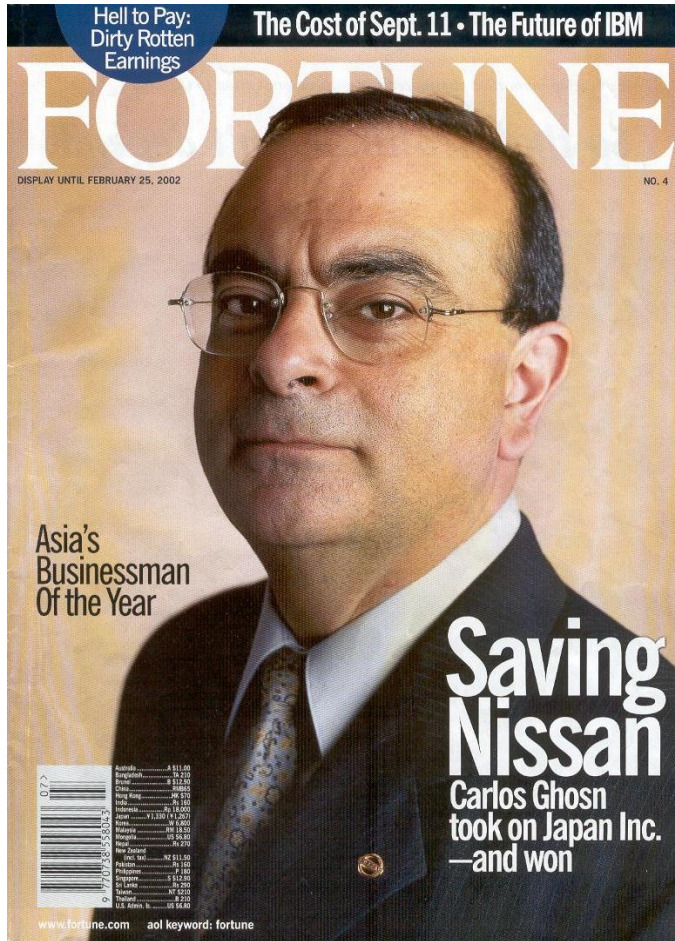
Example NIVEA Germany



Example PORSCHE United States



The Role of Culture in Alliances, M & A: Example Renault-Nissan

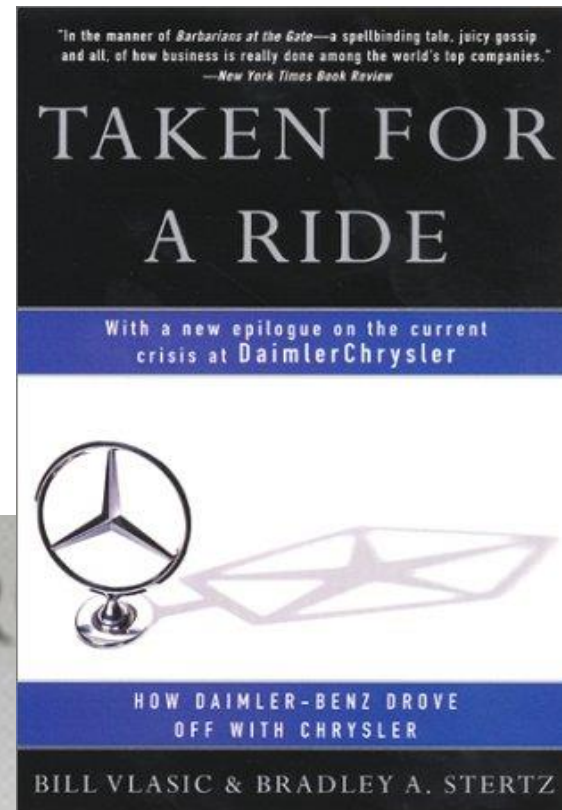
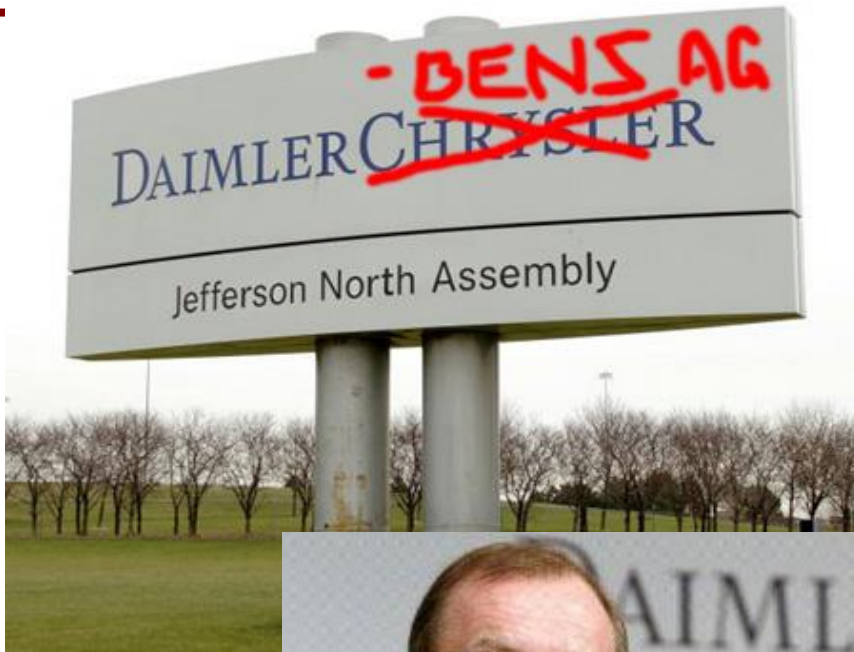


Some people consider cultural differences as a source of friction and conflicts. It is true. But cultural differences are basically a source of enrichment and progress. (Carlos Ghosn, 2000)

Cultural differences can be viewed as either a handicap or a powerful seed for something new. What we see today [in Renault-Nissan] is that differences in culture are... seen more and more as a means of cross-fertilization and innovation. ... So, it is a careful selection of best practices. (Carlos Ghosn, 2001)

Sources: Carlos Ghosn, INSEAD Tokyo Forum, November 2000; Emerson 2001 'An interview with Carlos Ghosn, President of Nissan Motors and Industry Leader of the Year. Journal of World Business, 36, 3-10 .

Cross – Border Merger : DaimlerChrysler

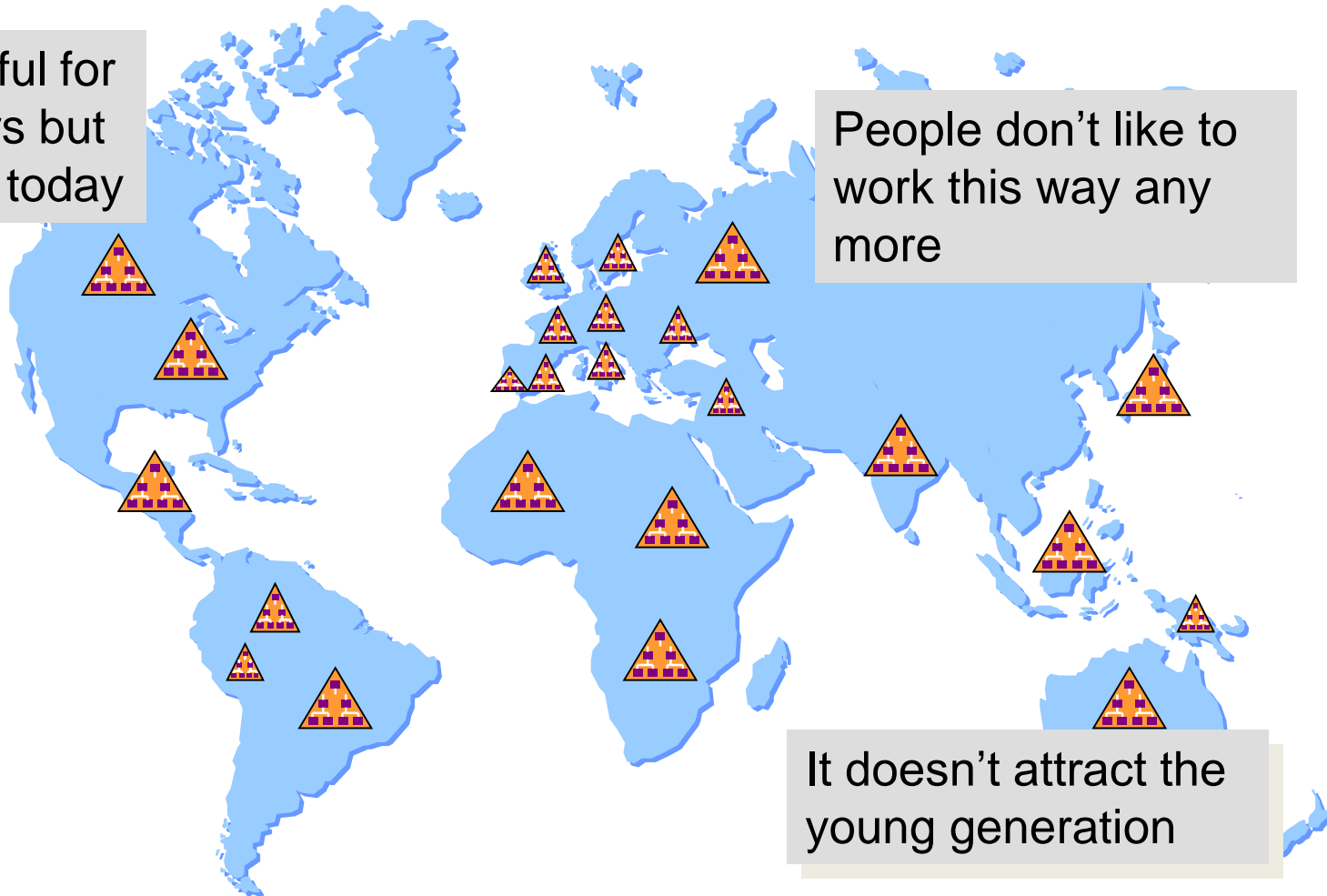


Source: Kühlmann & Dowling (2005). DaimlerChrysler: A case study of a cross-border merger. In Stahl & Mendenhall (Eds.), *Mergers and acquisitions: Managing culture and human resources*. Stanford Business Press.

Example Nestlé Organisational Change

Successful for 170 years but not valid today

People don't like to work this way any more

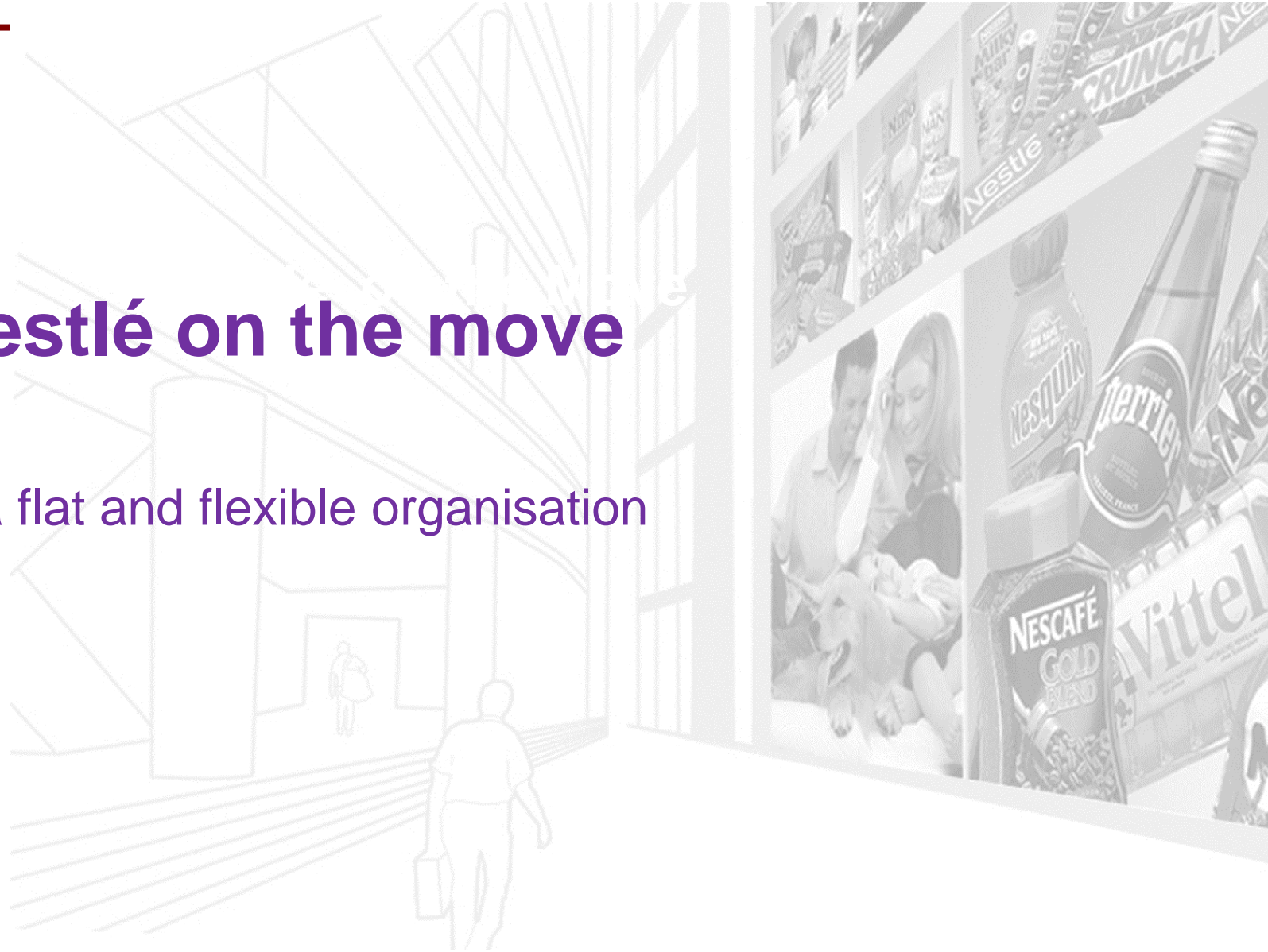


It doesn't attract the young generation

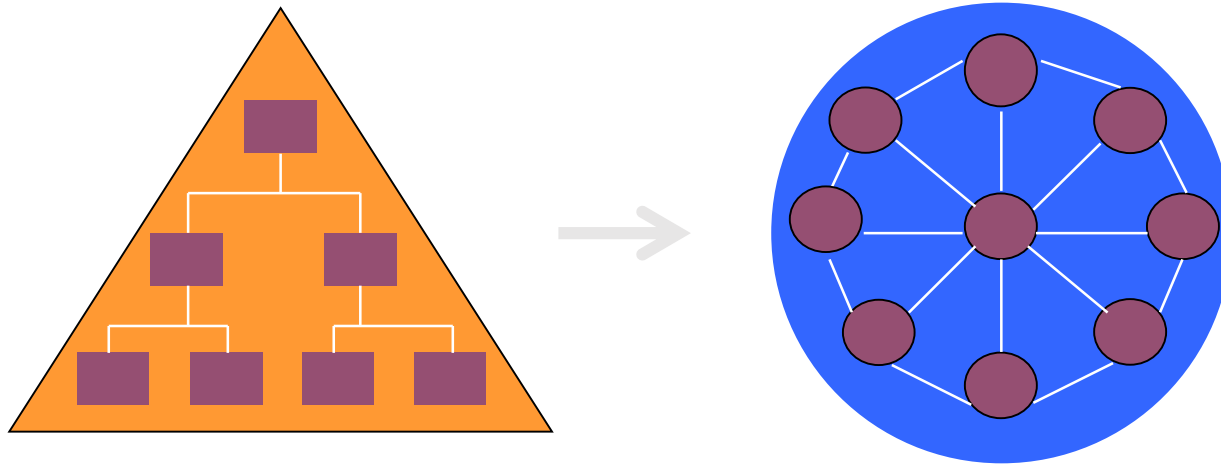
Yesterday's Success, Tomorrow's Weakness?

Nestlé on the move

To a flat and flexible organisation

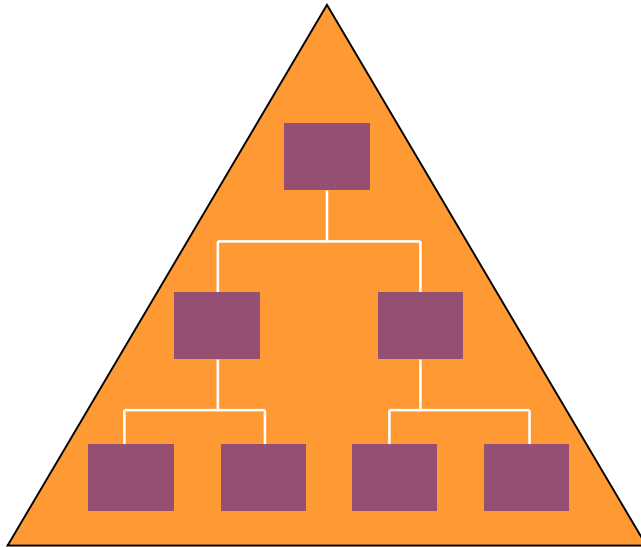


Changing the mindset from hierarchy to network



We will always have a responsible leader and a hierarchy

When hierarchy is ruling



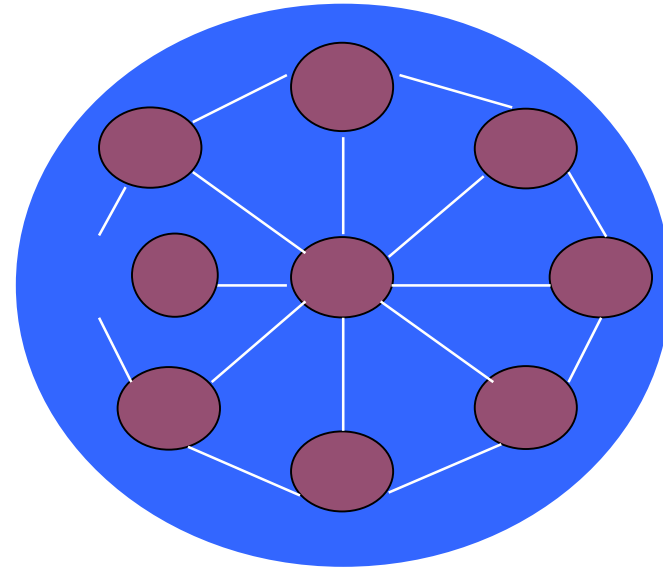
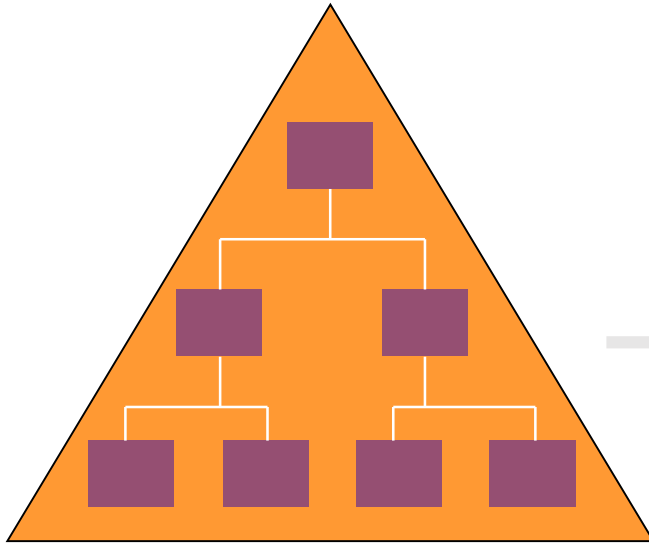
- Communications flow from the top - command style
- Experience gives seniority
- People work and want to do the best for the boss
- Collaborators compete
- There is discipline and obedience
- The organisation operates in silos
- It is task driven

FROM

**Hierarchy
Command
Experience
Competing
Discipline
National - Functional**

TASK ORIENTATION

This is a change in the Mindset



FROM
Hierarchy

Command
Experience
Competing
Discipline

National - Functional

TASK ORIENTATION

TO
Network

Alignment
Insight
Co-operation
Initiative

Cross-border/Cross-functional

RESULT ORIENTATION

What do German companies complain in the education of graduates ?

- Lack of social competence / soft skills

- * decisiveness
- * readiness for action / initiative
- * responsibility
- * success orientation
- * ability to work under pressure
- * ability to work in a team
- * intercultural competence
- * dealing with conflicts

Mini case:

Female Executives in Internat. Business



Suppose you are the CEO of an American multinational. On your staff and in the U.S. operating divisions of your company are several bright, able, dedicated female executives. They are also ambitious, and in your company, international experience is a must before an executive can hope to get into top management.

An opening comes up for the position of executive vice president in the company's **Saudi Arabian subsidiary**. One of the women on your staff applies for the position, and she is best qualified for the job, better than anyone else in the company.

Would you give her the position ?

What are the arguments pro and con ?