



Cross-Cultural Considerations

International Business	1	Limits to Flexibility	10
Value Differences	6	Summary	11

An initiative of:

business
infosource
Canada - Saskatchewan
Business Service Centre

Funded by:



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Canada

International E-Business

Global Opportunity

Selling globally changes the potential market from Canada's population of 30 million people to the world's 6 billion people. Also, Canada is one of the most export-reliant countries in the world with exports accounting for approximately 40% of jobs (Team Canada Business Plan 1999-2002). The vast majority of this trade is with the United States. However, exports to other regions of the world are growing significantly and will continue to do so.

Alberta's Ten Largest Export Markets Year 2000 (\$000,000)	
United States	48,993
Japan	1,316
China	740
Korea, South	543
Mexico	348
Taiwan	219
United Kingdom	195
Italy	191
Germany	155
Netherlands	109
Total	52,809

Source: Alberta Economic Development, <http://www.alberta-canada.com/markets>

IDC data suggest that Canada's share of the global e-commerce market in the year 2000 was around US\$5.5 billion. They estimate the global e-commerce market will grow to a value of US\$3.2 trillion by 2003. If IDC is right, Canada can expect a typical 2.1 per cent share, which would be worth US\$67 billion. IDC Canada recently projected a compound annual growth rate for Canadian e-business of 75.5 per cent through 2004.ⁱ

The value of sales influenced by the Internet is growing. Companies around the world with established web sites expect the percentage of revenue they receive from sales, attributable to an Internet presence, to double between 2000 and 2001, from a mean of 4.7% to one of 9.5%.ⁱⁱ

With such incredible growth predicted in e-business, every Alberta company today would be wise to consider both a defensive and offensive strategy regarding the Internet. On the defensive side, each company should be asking how a competitor, in Alberta or on the other side of the world, might win away your customer base with the assistance of e-business technologies. Ask the question of yourself, colleagues, friends and other industry people. What might you do to reduce the chances of that happening, in a way that your customers will benefit?

The flip side is to think of how a business like yours could more effectively use the Internet to build closer customer relationships and to grow the business. Again, you might ask yourself, colleagues, friends, other industry people, as well as business technology professionals. In today's world, this is not an annual or even a monthly question, but a weekly or daily question you should be asking about your business.

Globalization, Internationalization & Localization

Globalization and internationalization are both terms used to describe the process of getting your web site to the point that it will be effective in attracting and facilitating international business. Research indicates that the attractiveness and usability of a site makes a significant difference in its effectiveness domestically. New research is showing that the same applies, but even more dramatically, to when we are trying to tap into markets beyond our borders.

Globalizing a web site involves getting clear answers to questions, such as:

- What specific product(s) or service(s) am I offering?
- Who is my target market?
- What will attract buyers to my web site?
- What will keep them coming back to my web site?

- How can I make my web site functional for my target market?
- How can I make the process from first interest to purchase a smooth, pleasant and rewarding process for my customers?

Two challenges are:

- 1. How to learn what a target market customer really does want in my web site**
 - Ask potential customers in the target market
 - Research online
 - Search out other businesses that have been effective in your target market
 - Ask the professionals
 - Very closely monitor the calls and the orders you receive. Make adjustments based on what seems to work better than something else.
- 2. How to take into account the fact that people are different everywhere so how can you satisfy the world in one web site.**
 - This comes down to balancing how unique you can make the user's experience with how much you are willing to pay for that uniqueness
 - The topics of web site globalization and localization are explored below.

To answer these questions, it is helpful to speak with professionals who have studied these topics. But like anything that is central to your business, you should be asking the same questions and finding satisfaction with the answers.

- Currency for payment
- Language
- Laws
- Business practices
- Time zones
- Shipping
- Taxes and customs
- Value differences
- Social customs
- Motivators
- Use of colours, graphics and fonts

Localization of a web site refers to making it suitable for a particular market. To localize a site for France, for example, could include using French language, graphics and symbols and accepting French currency. In its finest form, the company

would have a French office with a local shipping address, local phone number and a web address that ends in the French country code “.fr”. Typically, only large multi-national corporations are able to go to this extent for multiple countries. Over time, this type of presence may become easier for small and medium sized companies.

The next level of web site has numerous target market countries listed on the site. When the potential customer clicks on his or her country, up comes the site in the user’s native language with information, products along with an order fulfillment and support process that is relevant to that market.

Language and the Internet

The autumn of 2000 represented a linguistic turning point in the make-up of web users. Non-native English speakers became the majority of users. The ratio of native English speakers on the web will continue to fall as more people outside of the “Anglo” world get “connected.”

A Maclean’s magazine report in the year 2000 suggested that by the year 2007 Chinese may become the number one web language. It suggested that there will be more native Chinese speakers using the web by that time than native English speakers.ⁱⁱⁱ

Today 78 percent of all web sites and 96 percent of all e-commerce sites are in English.^{iv} These percentages are anticipated to drop over time as well.

It would be convenient for us if our global customers would communicate with us and do business with us in English. But the golden rule in business is not what is best for us, but rather what is best for the customer. What does the customer want? If s/he has a choice of 5 suppliers for a product or service, what will the decision-making criteria be? Price, quality and service will all be factors. But so will less tangible qualities like comfort, satisfaction and trust.

According to analysts from Forrester Research “people are twice as likely to stay at a given site, and three times as likely to do business there if the site communicates content in their own language and culture.”^{vi}

English Only (for now)

If you have only one or two target country markets, such as Japan or Brazil, then it may be well worthwhile to add one or two languages. But be aware that it takes more than just translating the words to a new language. The other issues of value differences, social customs, currencies, payment, graphics, symbols, etc. need to be considered as well.

For the company that is beginning to explore global markets via their web site, but not ready to commit the resources to a multi-language globalized site, there are many considerations that can help to make the site less offensive and more attractive.

Keep It Simple

The majority of buyers don't care about flashy graphics. They look for clear and easy-to-find information, presented in a way they feel good about.

As most web users are non-native English speakers, use simple, concise and clear language. Friends or acquaintances who are not native English speakers can be asked to review the site. How clear is the message and how enticing do they find it?

Stylized fonts may be unfamiliar to many people, thus reducing comprehension. Easy-to-read fonts and backgrounds are best.

Slang and figures of speech are such a part of our language that we are rarely aware of the confusion they can cause. A quick search of web sites turned up the following terms—"getting to the point", "the bottom line", "going off track", and "kazillion dollars". The first three figures of speech carry multiple meanings. One would not likely find "kazillion" in the dictionary.

Sports terms are best avoided. "Getting to first base", "hitting out" with a product, or "scoring a touchdown" can all cause confusion.

While humour can play a valuable role in building rapport and closer relationships, the pitfalls are so many across cultures, it is best to save it for your face-to-face meetings (and then still use caution). The opportunities to confuse or offend are

endless, since what makes something funny is typically a play on words, negative comparisons, double meanings, and/or subtlety.

What may be perceived as minor profanity in our culture, can be highly offensive to others. Avoid the use of swear words.

Value Differences

To truly understand potential clients, it helps to recognize **value differences** that may exist. Our judgment of what is polite or rude, good or bad, right or wrong, in given situations is going to be different. This is based primarily on how we were taught by the society in which we were raised.

One important value difference in e-commerce is how we have learned to communicate. We can view differences as opposite ends of a continuum.

Direct and Indirect Communication

Of the world's cultures, Canada tends to line up on the more direct end of the communication continuum. While we may be proud of "getting to the point" and not "beating around the bush" as a sign of effective communication, others may find us blunt to the point of rudeness.

Doing global e-business, the balance must be found between being politely clear and concise in our message versus sounding blunt and aggressive.

Expressiveness of Communication

Some of the world's people prefer expressive, personal communication, while others use a more controlled and impersonal style. In face-to-face conversation, an expressive approach might include voices raised in joy or anger, large arm gestures and a smaller distance separating two speakers.

The relevance to web design might apply to boldness and colour. Text that is bolded, in italics, flashing or shimmering might come across as "shouting" to some.

Recent research on colour preferences of web sites show Nordic countries preferring subtler colour shades, Americans brighter colours while sub-Saharan African and Caribbean cultures tend to like the boldest colours.

An American computer company encountered problems when it launched an e-commerce site to sell PCs in Japan. Designers had surrounded most of the content with black borders—which communicates negativity in Japanese culture.

Green is a popular colour in Islamic countries as it represents the colour of heaven. White is the colour of mourning in many places.

A study done in the U.K. last year showed how computer interface colour preferences vary by nationality. English students used pastel color schemes with a lot of grey and low contrast. Scandinavian students tended toward dark colours also with low contrast. Students with a Jamaican background chose strong and bright colours with high contrasts and combined them into very colourful schemes. African students usually chose black as the ground color and added some brighter colours. European and U.S.-American students basically chose a bright background, black text and a few moderately colorful objects.^{vii}

The message here is that it is worth researching the markets you are trying to reach to ensure your web site is designed with them in mind. If targeting multiple countries and regions with one site, then avoid extremes.

Formal and Informal Communication

Albertans typically like an informal approach to communication and business. This is reflected in dropping official titles, using first names and preferring a round of golf with a client rather than a fancy dinner.

Following protocol is much more important in many parts of the world. Showing respect by using proper titles and greetings provide an important foundation for a business relationship. A web site reflects your image to the world.

Just as within Canada, significant generational differences exist around the world. As a rule, the older generation will prefer a more formal, respectful approach. Think of the potential buyers in your target markets.

Other important value differences to consider include the following:

Hierarchy

Recognizing that potential global customers may have a very different view of the organizational hierarchy can help us work more effectively with them. Who within the organizational structure will be most influential in making the buying decision? How can we show proper respect to each level that we come into contact with? In more hierarchical business structures, titles, status and formal position command significant respect.

Change vs. Tradition

We may be tempted to sell our product or service on the basis of it being the latest, greatest, or new and improved. In societies that place high value on history and tradition, another tactic could be taken. Our offering could be positioned within the context of our target market's history and traditions.

Similarly, it is helpful to have historical and background information on our company, people and products available on our site for those who do want it.

Short or Long-Term Benefits

We tend to position our products or services in terms of the benefits they can bring to the customer in the short term. Our business culture often demands payback to be within one year of purchase. For cultures that view the longer term, it is advantageous to also describe the longer-term rewards of the product, service or business relationship.

Individual or Group Buyer

A product enticement locally might be around the benefits the use of a product can bring to the buyer or user of the product. "With this product your life will be easier, more productive, more satisfying..." "It will make you a hero or envied by others."

In more collective cultures, this may actually turn off potential buyers as too shallow and self-serving. A more appropriate appeal might be to the success the product with bring to the family, the work group, the company, the community, and perhaps even to the nation.

Relationships

In North America, we have traditionally been more comfortable doing business with people we don't know than with people from other world regions. In some local situations, we may have no personal relationship with our customer, it is "strictly business." In others, we may develop a more personal relationship once we have been doing business for a while.

Much of the world's population however, is used to personal relationships preceding any business relationship. Internet-based business would seem to be as about impersonal as it can get.

Yet one Alberta-based business claims that its growth in international business coming via their Internet site is precisely due to personal customer service. This company makes a point of making telephone contact with everyone who contacts them via their web site. Needs are better understood, rapport is built and a personalized customer relationship is developed. They have figured out how essential working on building a relationship is to continued business success worldwide.

Alberta's business style is also rule-based. Legal contracts once drawn up and are considered the cornerstone of the business relationship. Success is seen to come from following the contract to the letter. This objective and rational approach is seen to serve everyone's interest the best.

In many other countries, while rules are important, it is the relationship that is viewed as more important. Contracts may be seen as helpful guidelines that can easily be modified as circumstances change. Success is seen to come from placing the relationship first. This process can be very subjective.

Limits to Flexibility

While wanting to understand and be flexible regarding our customers' values, there is also a place for inflexibility. It's important to know what is legal and what is illegal. When it comes to business ethics, a helpful document is the International Code of Ethics for Canadian Business, <http://www.transparency.ca/Readings/TI-C02.htm>.

Social and Religious Customs

The religious and social customs of people are tremendously diverse. For example, the photo of a woman on our web site might seem completely innocuous to most people in Canada. But if the photo were of a woman in a sleeveless shirt, then a great many people in other societies would take exception. This is considered too revealing by some religious standards. Avoid putting anything on your site that might remotely be perceived as pornographic unless that is your business.

Be cautious in the use of a national flag or national colours on a web site. What might begin as a gesture to create goodwill, may end up doing the opposite if national symbols are perceived as being inappropriately displayed.

Business Practices

Business laws and norms vary from country to country. For example, free offers, special discounts, shipping and product guarantees may need to be adjusted for different markets.

Be aware that in many parts of Europe and elsewhere, the meaning of a decimal and comma in numbers is reversed to our usage. A decimal is used to indicate thousands and the numbers following a comma can indicate "cents" (e.g. 3,165 meters in Canada, may be written as 3.165 meters in many countries of Europe).

Weights and measures can be on the metric or imperial system. Which do your customers prefer? Can you satisfy both needs?

The required language(s) on products shipped varies from country to country. Canada must have English and French. What about your target country or region?

It is important to clarify whether any pricing listed is in Canadian or U.S. dollars. If Canadian dollars are used it will be helpful to have a currency converter available to site users.

Cultural Competence—Added Benefit

By addressing the many questions raised in this article, a web site can be made more globally effective. Working through these questions will also provide valuable preparation for direct interactions with international customers. Whether communicating by telephone, e-mail, fax, or face-to-face, these cultural considerations will improve communications and business rapport.

Cultural difference is not just an international experience. Canada and Alberta's cultural mix continue to grow. By preparing our sites for more effective global e-business, we may see its positive impact on domestic business as well.

Summary

Remember that your web site is available to everyone in the world. So, if your primary target market is Japan, and you tailor the colours, language, symbols and content to the Japanese, it may look very strange to someone viewing it from Spain. You are probably best to either have a section of the web site that Japanese can click into or keep the site more generic.

Much of what is described above has to do with unique buyer wants, needs and motivations. Do your homework on your target market(s) and adjust your web site accordingly. The best indicator of the success of your web site will always be the results it delivers.

Endnotes

ⁱ www.itac.ca Remarks by Gaylen Duncan, President & CEO, ITAC, to the 6th annual conference of the Canadian Association of Importers & Exporters Inc., November 27, 2000.

ⁱⁱ International Data Corporation online: <http://www.idc.ca>.

ⁱⁱⁱ Accenture online: <http://www.accenture.com>.

^{iv} Microsoft for Partners online:

<http://www.microsoft.com/directaccess/feature/2001/jan/0101/trenches.asp>.

^v IO-Tek online: <http://www.io-tek.com>.

^{vi} Microsoft for Partners online:

<http://www.microsoft.com/directaccess/feature/2001/jan/0101/trenches.asp>.

^{vii} “Cultural usability in digital libraries” American Society for Information Science. Bulletin of the American Society for Information Science; Washington; Apr/May 2000; Elke Duncker; Yin Leng Theng; Norlisa Mohd-Nasir.