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# *The Dynamics of International Marketing between Italy and the United Kingdom: An Analysis of Citra Winery*

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## **Introduction**

Nowadays, the environment in which companies operate is characterized by a tendency of the economy to assume a global character. As a result, international marketing, namely the set of marketing activities carried out to increase the presence of a company in foreign markets, is becoming increasingly popular. The focus is on internationalization, which is the process of adapting a product designed for a specific market to different markets. Two main reasons move companies to foreign markets: the modest size of the domestic market, which may push the company to new outlets for increasing its size and profits; the opportunities offered by foreign markets, that can attract companies to increase their potential market. The purpose of international marketing is to ensure that products reach consumers in the right way, adopting strategies that take into account the distinctive attributes of the target market.

This thesis aims to analyse the features of international marketing to understand the reasons that drive companies to enter international markets and the strategies they adopt to establish there. Specifically, the final purpose of the present study is to verify whether there is a difference in international marketing strategies according to the target country through the analysis of a specific company and its activities both offline and online. Indeed, the assessment of the level of localization of the website of the company has helped to draw a more detailed picture. I have decided to study the case of a winery from my region, Abruzzo, named Citra Vini, and its activities in the United Kingdom. I have chosen this country since it has always interested me not only from a linguistic point of view – given my studies – but also from an economic and cultural one. Studying foreign languages has led me to take an interest in aspects related to translation, as well as to go further and dwell on the cultural aspects that characterize a community and how these elements influence the economic decisions. This interest was fuelled by the courses I attended during my studies in Padua, which combined linguistic disciplines with marketing and economic ones. This research shows how there seems to be a connection between these notions, as it will be demonstrated later on.

Therefore, before analysing the case of Citra, which is the subject of the last chapter, the first three chapters aim to outline the main characteristics of international marketing

and its limits, also paying attention to the importance of digital technologies to build a successful strategy. Once the research background will be outlined, the methodology adopted to study the company's activity is twofold: the interview with Citra's export manager and the empirical assessment of the level of localization of the website will be described. The object of the analysis is the wine market, in which Italy takes the leadership in the world for production. The questions to pose, instead, have been designed after a careful examination of the core components of international marketing.

Chapter 1 will describe the reasons that drive a company to take the path of internationalization, focusing on the difference between domestic and international marketing. To pave the way for foreign markets, it is necessary to know the social, political, economic, and technological environment of the target market. In this way, an effective strategy can be built through the marketing plan. The chapter will describe how to enter foreign markets – with specific attention to each mode –, market segmentation and positioning strategies. At this point, the focus will be on the product and the distribution and pricing policies.

International product policy and communication, instead, will be the subject of Chapter 2. When a company decides to conduct activities in foreign markets, it does not only have to consider the linguistic but also the cultural differences between countries. Different cultures do have different needs, expectations, and habits, that influence business activities. Research uses the expression *cross-cultural marketing* to refer to the ability to conduct corporate activities in a multicultural environment. The analysis then proceeds with the description of culture and its main components, which are crucial in the definition of marketing activities abroad. Therefore, the main features of societies and their communication styles have been described, with particular attention to the characteristics of the English market and the business operations to conduct there. Then, culture will be examined in terms of the attractiveness of a specific group or country, which is expressed by the *Made in* label. In this regard, *Made in Italy* plays a significant role in determining a successful strategy abroad. The chapter will then discuss the difference between high and low context cultures, according to a framework developed by Edward T. Hall (1960), and the six dimensions elaborated by Geert Hofstede (1980) to analyse the difference between countries and, consequently, the factors to take into account when doing business abroad. After having provided an overview of culture, the



CAGE framework by Pankaj Ghemawat (2001) will be shown. It evaluates not only cultural but also administrative, geographical, and economic factors that determine distance across countries. The analysis of the target country is the starting point for the company to choose the most suitable strategy to enter and to be successful in a new market. After that, the chapter will explain the reasons behind the choice of the best strategy to internationalize the product: standardization, adaptation, or glocalization.

Chapter 3 introduces a further level of analysis of the international marketing strategy of a company: website localization. Starting from the description of the current importance of the Internet and digital technologies, the chapter will examine the features of international web marketing, which is carried out through the company's website and social channels. The culture of origin influences consumers' navigation behaviour, too; for this reason, the choice of adapting contents according to the target country may prove to be a winning strategy. An adapted website will bring consumers closer. This phenomenon, namely localization, will be analysed with an emphasis on how to obtain a localized website for the British market. Also, the framework developed by Gibb and Matthaiakis (2006) will provide a method for evaluating the level of localization of a website that will be used as a model for the research of the last chapter.

Chapter 4 is the core of the analysis. It is divided into three parts: the background information, the methodology, and the discussion of findings. After an introductory part with general information about the company and the rules for Italian wines in the United Kingdom, the interview I had the opportunity to conduct will be displayed. The choice of studying a winery from my region is dictated by the desire to investigate how lesser-known realities – but not less important – approach foreign markets. Although Citra sells all over the world, I wanted to study specifically the United Kingdom for relevance with my studies and because I believe that this market offers interesting scenarios for wines since it is one of the main importers in the world. The interview reviews topics such as the reasons behind internationalization, the distribution and communication strategies in the UK, the country of origin effect, and the influence on sales of phenomena such as the coronavirus pandemic and Brexit. These topics allow drawing conclusions on marketing activities in the country. Besides, the analysis of the level of localization of Citra's website will be displayed. It will make it possible to evaluate the effort made by the company to adapt to the preferences, habits, and needs of the target market. The final part

of the chapter will show the results of the analysis, the strengths and weaknesses of Citra's international marketing strategy, and personal suggestions for improving the company's international offer.

## **CHAPTER 1**

### **The increasing role of international marketing**

#### **1.1 What is international marketing**

In the past, the global marketplace was considered as the addition of different and independent country markets; nowadays, it needs to be studied differently. It is indeed multilateral and interdependent, which means that it is difficult to put boundaries between markets, to address a single country and produce for it. The current competitive environment is therefore characterised by the phenomenon of globalisation, namely the fact that a growing share of the world economic activities takes place between entities living in different countries (Bertoli, Valdani, 2006). This process creates markets that overcome national borders to become global. With the increasing importance of globalisation, information moves everywhere, technologies advance at the speed of light, and phenomena happening in one country have consequences in others. For this reason, companies must develop an international marketing orientation; the process of planning, promoting, distributing, and pricing goods, ideas or services must be undertaken internationally (Doole, Lowe, 2008). This means that companies have to face new competitors, but also new customers and new competition rules. The environmental influences on international marketing are various, as countries differ in language, religion, values, laws, politics, technologies and so forth. As a result, a strategy undertaken for a country could not be efficient in another. For this reason, marketers have several options to choose for entering new markets and implementing marketing strategies.

The combination of all these factors has consequences that will be examined in the next pages. However, to understand the concept of international marketing it is important to understand how it differs from similar concepts.

### **1.1.1 Domestic marketing vs International marketing**

Bertoli and Valdani (2006) employ the Chartered Institute of Marketing's explanation to define marketing as:

“The management process responsible for identifying, anticipating and satisfying customer requirements profitably”.

Marketing, thus, involves the focus on the ‘needs’ and ‘wants’ of customers, the identification of the best way to satisfy them and the orientation of the company towards the process of providing satisfaction. These issues apply to different levels of marketing; that is why, to understand what international marketing is, it is also important to understand how it distinguishes from similar concepts.

Domestic marketing concerns the marketing practices within a country. The company manipulates all the variables that influence marketing within specific country boundaries. Therefore, this type of marketing serves and influences the customers of a specific country, thus offering fewer opportunities for growth as compared to international marketing. There are no – or less – barriers in communication, the marketer knows its customers and their preferences, trends or demand. He well knows the environment he is working in and he is conscious of the fact that the competition is lower (Doole, Lowe, 2008).

International marketing, instead, involves operating in foreign country markets, where social, cultural, economic and political variables differ from the home market. From this perspective, if domestic marketing involves dimensions deriving from the home market, international marketing is much more complex. It involves, indeed, uncontrollable variables originating from different countries, where the systems regulating the country differ. Normally, the company starts its business in the home country and then, when a discrete success has been reached, it moves to the foreign market. For this reason, it is necessary to know the rules of that country. In this type of marketing, challenges are higher - since competitors are more – and customers have different habits. Therefore, communication has to change, together with price, distribution and promotion channels (Doole, Lowe, 2008).

As a matter of fact, the key difference between domestic marketing and international marketing is the multidimensionality and complexity of the countries a company is

operating in (Doole, Lowe, 2008). As a result, international marketing can be much more complex since it has to face many uncontrollable variables originating from different countries, such as cultural, legal or political ones (Onkvisit, Shaw, 2004). For optimum results, a firm's marketing mix may have to be modified to adapt to a different environment.

For instance, Nestlé company can be considered as an example of these ideas. The Swiss multinational is the largest food company in the world, with 447 factories in 189 countries. The company has understood that its country markets vary a lot; for this reason, it has grouped them according to geographic and consumption behaviour reasons. Being multinational means crossing borders; Nestlé knows that its customers are different, and that food varies across regions since it is a local product. Indeed, its strategic goal has been to act "glocal": following the company's general objectives, it has adjusted its message according to the market it was referring to. This case exemplifies the importance of international marketing and the capability of the company to move from "domestic" goals to "international" ones (Doole, Lowe, 2008).

### **1.1.2. The reasons to start internationalization**

Starting an international business activity means providing new challenges and job opportunities. This process is not only reserved for multinational enterprises, but it also refers to smaller and younger ones. Glowik and Smyczek (2011) suggest five major reasons that bring a firm to start internationalizing.

The first reason deals with demand-oriented internationalization: foreign markets can constitute new opportunities to sell products and thus to increase the firm's turnover. As a matter of fact, a firm's product can be demanded abroad, where it is absent or where the market is saturated. Intensifying sales volumes means providing better prerequisites for economies of scale.

The second reason concerns supply oriented motives. The firm wants to get access to rare or expensive raw materials, distribution channels or managerial know-how. Expanding internationally means gaining access to these resources, which are cheaper or only available in foreign markets.

Then, the so-called *follow the customer phenomenon* is the third motive. Enterprises do not decide to internationalize because they are part of an integrated network – an industrial system of relationships - with customers, suppliers, and stakeholders. Nowadays, supply, manufacturing, and distribution chains are globalized. Hence, firms go abroad to follow their customers. A similar event is the *follow the competitor phenomenon*: firms are incorporated in networks as well as competitors; if the competitor moves abroad for sales or manufacturing reasons, the firm may move abroad to follow its competitor. In this way, the enterprise will also avoid leaving the competitor with all sales opportunities.

Finally, the fifth reason considers the firm's financial resources, which influence the desire of undertaking activities abroad. Accumulating foreign direct investments (FDI) is a motive for attracting firms, as further studies will explain later on. For example, in the European Union, the United Kingdom and the Netherlands are the countries with the highest number of FDIs (UNCTADStat, 2020). Hence, firms are attracted to these countries where they could find profitable opportunities for internationalization.

### **1.1.3. The international marketing environment**

The fact that marketing can be international does not mean that it is widely applicable and that customers all over the world will be reached and satisfied in the same way. As mentioned before, consumers from different countries can use the same product for different reasons or needs, and they can be satisfied in different ways. This is explained by the fact that the marketing environment changes across countries. The SLEPT approach (Doole, Lowe, 2008) is one of the environmental analysis models that will be used in this section to examine the international marketing environment. It includes cultural/social, legal, economic, political and technological variables that may cause differences in consumers' behaviour across countries.

Culture guides decision making, culture is shared by the members of society, culture is subjective (Onkvisit, Shaw, 2004):

*“Culture is a set of traditional beliefs and values that are transmitted and shared in a given society” (Onkvisit, Shaw, 2004).*

What is acceptable in one culture may not be acceptable in another. For this reason, culture influences consumption and describes how consumers satisfy their desires. Language, religion, values, and social organisation are all dictated by culture and they all affect consumers' perceptions and behaviour (Doole, Lowe, 2008). Operating in different countries means, for marketers, being aware of the differences that may occur in different regions.

For instance, language is an important part of a culture, and being able to manage it is one of the key elements for reaching success in communication. That is why language differences involve marketing strategy modification. (Onkvisit, Shaw, 2004). As far as language is concerned, Doole and Lowe (2008) have shown an example of Coca-Cola while entering for the first time the Chinese market; the brand's name sounded like the Chinese expression '*Kooke Koula*' which means "a thirsty mouthful of candle wax". This issue would have distanced the consumer from purchase, so the well-known company had to find a solution. They found a new pronunciation, '*Kee Kou Keele*', which means instead "joyful tastes and happiness". The product became, in this way, more attractive and Coca Cola could more easily reach the Chinese market. Therefore, language can be a barrier to communication, as it differs from country to country and it also implies different worldviews (Bertoli, Valdani, 2006). This aspect has been underestimated for many years since language was believed to be translatable. Actually, in the translation process part of the message can be lost, especially that related to cultural uniqueness: for instance, many slogans or advertisements do not have the same effect when translated into another language. That happens because cultures differ, and their rules too. Needless to say, language plays also an important role in the parties' communication flow; for this reason, it is important to give it great attention even in management selection (Bertoli, Valdani, 2006).

Language is a significant variable even in those markets that share the same language, such as Great Britain and the United States. When planning to enter one of these markets, managers have to know the language differences in order to avoid complexities in reaching success in the business deal (see table 1.1). Citizens of the two countries may use the same word with different meanings; marketers need to be aware of that in order to carefully translate when a marketing campaign is exported into another country that, apparently, shares the same language.

As a result, when conducting a marketing campaign abroad, attention must be paid to language, that has an impact on the way products are commercialized. Language not only refers to the way people communicate but also to cultural references. Conducting a marketing campaign abroad implies paying attention to culture-specific issues. In this way, activities are not misunderstood and marketing can work (Onkvisit, Shaw, 2004).

<b>American</b>	<b>British</b>
aisle	gangway
balcony	gallery
elevator	lift
lawyer	solicitor
mutual fund	unit trust
newspaper stand	news agent
one-way ticket	single ticket
radio	wireless
sidewalk	pavement
suspenders	garters
trolley car	tram

**Table 1.1:** Some of the differences between American English and British English (Onkvisit, Shaw, 2004)

Influences on international marketing also include the legal environment. When entering a foreign market, the company must consider not only the legal constraints of the home country but also those of the host country. These laws constitute the rules of the business activity and they affect the marketing strategy in that country. They can cause restrictions in the product promotion or in its acceptability. Doole and Lowe (2008) have detected three types of laws involved in international marketing: local domestic laws, international laws and domestic laws in the firm's home country. The first ones are the laws of the host country; international laws are treaties or patents established by



international organisations – for example when trading in the European Union, companies must be aware of the legal constraints applied in the eurozone–; domestic laws in the home country are those of the company’s country. Laws affect the marketing mix in all its aspects, i.e. products, price, distribution, and promotion. For instance, shoe import in India can be very hard due to the country’s legal environment, which imposes the importation of one shoe at a time and not of pairs.

The third SLEPT aspect to consider is the economic environment. To assess whether the company can satisfy market demand and compete in the foreign market, the economic policies of the country must be known (Doole, Lowe, 2008). The Gross national income per capita varies across the world, determining big disparities between the countries. Thus, it becomes challenging for companies to enter international markets since they have to consider that a strategy used in a country could not be efficient in another. These challenges can be described by the Big Mac Index - an index published by the English newspaper *The Economist* that measures informally the purchasing power parity between two currencies. This tool measures the purchasing power of local wages through the price of a Big Mac sandwich: it divides the price of a Big Mac by the average hourly wage in cities around the world. In this way, it is possible to see the difficulties that companies have to face when using the same pricing strategy in international markets.

As far as the political environment is concerned, Doole and Lowe (2008) consider politics as the most important factor in many international business events, since it influences the decision of investing or not in a country. Unstable foreign markets expose companies to many risks that would be absent in their home country or in other countries where politics is more stable. The host government’s actions could cause risks to the companies entering the market, which are summarized by Onkvisit and Shaw (2004) as follows: confiscation, expropriation, nationalization, and domestication. Confiscation is the process of taking ownership of a property by a government. Expropriation is similar but differs from confiscation since the company whose property is expropriated agrees to the process. In both cases, the property can be either nationalized or domesticated. In the first case the government takes over the business; in the second case, the property is taken by nationals. To assess whether a market is good for marketing operations, these risks have to be considered, together with the policies of the host government, the attitude of the national and the civil unrest. Therefore domestic, foreign and international politics

interact in the international political environment, thus determining its complexity. When investing in a country, marketers have to consider these concerns and prepare a plan to cope with political forces. Moreover, to avoid political risks, companies should try to accommodate the host's interests and keep, where possible, a neutral attitude.

The last SLEPT force to be considered when entering a foreign market is the technological environment. The Internet has transformed international marketing practices. Out of over 7 billion people in the world, 4.5 billion use the internet (United Nations, 2020). This means big opportunities even for small or medium enterprises and easier internationalization for many of them. Thanks to the Internet, it has become possible for companies to reach international customers in a while. On the other side, it has led customers to have any kind of information, enabling them to find the best supplier. In most cases, the internet has become a tool for supporting the firm's activity abroad, gaining feedback and conducting marketing abroad. For this reason, its importance cannot be underestimated since it has changed the international marketing strategy approach.

#### **1.1.4. The international marketing plan**

Companies that are planning to sell internationally need a clear plan which defines their strategic goals to introduce their products. The firm has to know where it is at the moment, where it wants to go and how to get there (Doole, Lowe, 2008). With a good marketing plan, the firm's competitive position will be strengthened. By combining the features of international market environments and internal corporate objectives, efficient marketing programs will be developed (Glowik, Smyczek, 2011).

The international marketing plan is constituted of many elements. First of all, the objectives must be set, focusing on the stakeholders' expectations, the situation analysis, and the capabilities of the company. As far as stakeholders' expectations are concerned, it is important to identify these groups and their expectations since they provide the guidelines for the firm to operate abroad. When the firm enters the international market, there are many more subjects involved in its activity; they can be the suppliers, the distributors and retailers, the customers, the local competitors, the host and the home country governments, etc. In order to pursue its objective, the firm needs to take into account their expectations, since they are the ones who provide resources and support to

implement the marketing strategy (Doole, Lowe, 2008). This aspect is particularly important in international marketing, where stakeholders may be physically and culturally distant.

The following stage of the international marketing plan is situation analysis. This process helps the company to examine the environment it is operating in, but also the surrounding areas, which can be similar or dissimilar. A more in-depth examination can be made through the SWOT analysis, which focuses on the firm's strengths, weaknesses, and external opportunities and threats. It helps the management to exploit the opportunities and minimise the threats that the company may face. Strengths and weaknesses are internal to the organization: the former are resources and capabilities possessed by the company, that distinguish it from competitors; the latter are resources that the company lacks and that should be improved in order to be more effective on the market. Opportunities and threats are external to the organization and they can help the company to improve its performance, on the one side, or put it at risk on the other. This framework aims to analyse the external and internal environment in order to identify the competitive advantage the firm can focus on to make its offer desirable (Donnelly, Peter, Pratesi, 2013).

Once this has been done, an examination of the firm's competitive advantage is necessary. As a matter of fact, personal knowledge, skills and competencies of the staff have to be considered since they contribute to build value as compared to competitors (Doole, Lowe, 2008).

Having identified these elements, the objectives of the international marketing strategy can be set. The next step for the company is to develop a program for achieving its objectives through the implementation of the marketing plan. The features of foreign markets have been analysed; marketing managers must now specify the marketing mix, namely the four Ps: product, price, place and promotion (Glowik, Smyczek, 2011). These variables will help the firm to reach local customer needs and strengthen its competitiveness. They can be explained as follows (see table 1.2):

<b>Product</b>	<ul style="list-style-type: none"> <li>➤ <i>Core product</i>: the utility that the consumer obtains by using the product.</li> <li>➤ <i>Services</i>: packaging, delivery and payment terms, warranty periods, readability of manuals.</li> </ul>
<b>Price</b>	Cost of the product for the customer (manufacturing costs, delivery, service and warranties).
<b>Place</b>	Point of sales, terms of delivery and distribution channels (e.g. retail and specialized stores, Internet).
<b>Promotion</b>	Brand building: it can be done through advertising methods or image building campaigns.

**Table 1.2:** The four Ps of Marketing Mix (Glowik, Smyczek, 2011)

The last stage of international planning process is the control one. The firm has to create a system for obtaining feedback and controlling the business (Doole, Lowe, 2008). It will monitor environmental and internal changes, in order to supervise the effectiveness of the marketing strategy. The control process takes into account three essential elements: (1) the standards that are set must be understandable and relevant to the company's goals; (2) the feedback must be obtained through reports, meetings and cost-benefit analysis on customers; (3) performances deviated from the plan must be corrected. Once all these aspects of analysis, planning, implementation and control have been taken into account, the international marketing plan can be considered as effective.

### **1.2. Foreign market entry**

In order to enter the target country, the company must define the entry procedures to face competitors and make its offer available in the local market. These methods can be essentially three: exporting, producing locally and signing agreements with local parties (Bertoli, Valdani, 2006).

Exporting can be direct or indirect: in the first case the company coordinates the export activity itself; in the second case, the company delegates management activities with foreign markets to other parties. The establishment of local production abroad, instead, enables the company to produce locally to serve the local market. The third method of entry is based on the creation of agreements with local parties to enter the market. The three methods will be analysed in the following sections.

### **1.2.1 Selection of entry methods**

Choosing the strategy for entering a foreign market is a difficult decision since it is influenced either by the target market or the type of product the firm is selling.

The type of country, in terms of capitalistic or communistic regimes, determines the choice of the entry mode. Markets are not homogeneous; hence, the choice depends on the country where the firm is selling its products. Needless to say, in countries where enterprises are free to produce and sell, the selection of the entry mode is free. In other countries, where economies are controlled, trade activities are also controlled and limited. (Onkvisit, Shaw, 2004).

The most influential aspect in determining the way a firm enters the foreign market is the type of product offered (Bertoli, Valdani, 2006). In some cases, a permanent link between the product and the territory is evident, such as in the case of wines with designation of origin. For this reason, setting the production close to the home market could be necessary; the product could, then, be exported to be sold abroad. Otherwise, when transport costs are prohibitive, the product may be produced elsewhere under licence. In other cases, a product that needs to be customised or requires specific services before being sold cannot be easily exported in other countries. For instance, a commodity can be produced locally to reduce processing and shipping costs; on the other side, for a product that has specific features, a particular entry strategy may be chosen to enter the foreign market (Onkvisit, Shaw, 2004). As a consequence, there is not a unique strategy for choosing how the product should be sold in foreign countries, but each type of product needs its entry mode. To decide how to enter foreign markets, companies can opt for three different approaches: the naïf, the practical and the strategic one (Bertoli, Valdani, 2006).

The naïf approach is chosen when the company selects a specific entry mode for all the markets in which it wants to operate; alternatively, the firm imitates the strategy adopted by other companies that have already entered the foreign market. This type of approach may entail a risk: the use of a single strategy for different countries does not contemplate the fact the varieties between markets could emerge and make the use of a unique strategy inappropriate.

The second approach, the practical one, involves a decision-making process that assesses the risk to which the company may be exposed. Thus, it prefers an entry mode that reduces the involvement of resources and expertise abroad. By the way, the approach at issue does not choose a mode that is coherent with the resources of the company and the features of the target market.

The last approach, the strategic one, is the most efficient since it considers many aspects: the company's goals, the resources and expertise necessary to enter and control the foreign market, the achievable economic outcome and the entry mode for other markets. Clearly, it is the most complex one, but it is also the only one that ensures the most appropriate choice. For this reason, this approach is usually the most implemented (Bertoli, Valdani, 2006).

### **1.2.2. Exporting**

Exporting is the process through which the company exports a product in a country where it has no affiliate organizations (Onkvisit, Shaw, 2004). The product is usually the same both in the country of origin and in the target one. This entry mode is often used when the company is involved for the first time in international business and wishes to continue in this direction since it does not involve any particular risk.

There are two ways in which the firm can exploit exporting for entering foreign markets: direct or indirect exporting (Bertoli, Valdani, 2006).

Direct exporting is the process where the producer directly sells its products to an entity located abroad; he/she interacts with the foreign market thus controlling international procedures. The producer decides in first person whether to opt for a certain marketing policy or another, and he faces the competitors more effectively. This type of exporting is preferable when products are highly specialised or when they are mass

products and a presence on the market is difficult to build. Usually, direct importing can be done in four ways: (1) establishment of a relationship with the importer, (2) direct negotiation with the foreign customer, (3) creation of a sales network for the market or (4) foundation of an organisational unit in the country (Bertoli, Valdani, 2006).

The most traditional way for direct exporting is by through the importer, a figure located in the country where the company is exporting. The relationship between importer and exporter is mediated by the concession agreement, whereby the exporting company is obliged to supply some products to a retailer, who in turn commits to purchase and promote them on its own name.

Direct negotiation with foreign customers is undertaken in two cases: when the firm operates under commission and has direct contacts with the buyer or when the firm has direct contacts with big local companies. In the latter case, the buyer purchases from these companies. In the last decade, a new form of negotiation with foreign customers has risen: e-commerce. It enables companies, using a website or a page on a portal, to sell its products online to its foreign customers. Online sale and purchase can take place in two forms: a) direct e-commerce, when all stages of the transaction take place online (order, payment, delivery); b) indirect e-commerce, when purchase and management of transactions take place online but the product is then delivered at the buyer's domicile. (Bertoli, Valdani, 2006). This phenomenon allows the customer to have a wide and personal choice at convenient prices, and the company to reduce costs and increase its efficiency.

The third modality to enter a foreign market through direct exporting is the creation of a sales network for the chosen foreign market. This network can be direct or indirect; in the first hypothesis, the company entrusts the traveling salesperson to manage contacts with clients in order to collect orders, verify the compliance of products and demand or identify market needs (Bertoli, Valdani, 2006). The second hypothesis, namely indirect sales networks, relies on the figure of the agent, that is located in the importing country and is in charge of promoting sales on behalf of the exporting company for compensation. His task is to contact potential customers of the product and to transfer orders to the exporting company.

The last modality is the foundation of a sales unit in the foreign country which coordinates sales and distributional and financial policies. In this way, the parent

company makes clear its purpose to invest and stay in the country. This unity keeps continuous contact with customers and knows their needs and desires. Hence, it is familiar with the market and the actions to be taken in order to reach greater productivity (Bertoli, Valdani, 2006). Sales units may differ in relation to their ownership share in the parent company's capital. They are considered subsidiaries if they control more than 50% of the shareholders'<sup>1</sup> voting power, associates if they control between 10% and 50% of the voting shares (Ietto-Gillies, 2012).

The other form of exporting is indirect exporting. It is used when the company enters the foreign market using a home country-based mediator, which is specialised in international trade and has to identify and manage the foreign customer. In this way, the company does not have an active position, that is instead delegated to the mediator. This type of exporting is usually chosen by smaller enterprises, whose international area is little, and a single person is in charge of all international activities. Production is still located in the home country, and possible dangers are undertaken by the mediators. This figure, a sort of trading operator, mediates between the supplier – that is the exporter – and the consumer/importer (Bertoli, Valdani, 2006). Generally, the mediator is a second-best solution, namely someone to appeal when the company cannot work directly in the foreign market.

Mediators can be of different natures. The simplest form of intermediation is the one carried out by export merchants: they directly buy goods from producers and sell with their own name. As a result, the producing company relinquishes control over its goods.

Over the years, another form of mediation has spread, namely trading companies. These intermediaries organise both import and export and are specialised in buying and selling goods; they assume all the risks associated with trading operations. Their functions include then purchase and sale, collaborations for introducing the product into markets, assessment of the convenience of transactions and assistance of companies in the various stages preceding the conclusion of contracts. Generally, manufacturers addressing trading companies do not know their customers or the final destination of their products.

In Italy, four types of trading companies can be identified:

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<sup>1</sup> A shareholder is an individual, a group, or an organization that owns a share in a company and therefore gets part of the profits and the right to vote (Cambridge Dictionary).



- General trading companies are intermediaries who do not work with certain types of products but look for the most profitable opportunities.
- Commodity dealers conduct their activities in various countries and focus on specific and defined products.
- Trading companies specialized in specific geographical areas.
- Trading companies develop simple exchanges based on few products between well-defined countries.

Recourse to trading companies relieves firms of their responsibilities in terms of policies, risks, etc; these duties are taken into trading companies' care (Bertoli, Valdani, 2006).

Export consortia are another form of mediation taking place when two or more companies conduct some activities together. In Italy, these consortia are disciplined by the law No. 83 of 1989, which considers as an export consortium each group that exports products of associated companies and their related promotional activity. Italian export consortia are of two types: promotional consortia and sales consortia. The former provides services in support of members – such as participation in international fairs or advertising campaigns in foreign markets -, without selling or buying on their own. The latter deals with the marketing of products in foreign markets and are the ones assuming greater importance to export. The services provided by an export consortium can be summarized as follows (see table 1.3).

1. General services related to the export activity (translations, interpreting, assistance for legal, financial, customs issues)
2. Consultancy and support services for business strategies (collection of market information, establishment and management of operating bases abroad)
3. Establishment of relationships with public and private institutions operating in the area of internationalization services
4. Promotional services (trade fairs, advertising, marketing research)
5. Commercial intermediation activities (marketing of the products of associated enterprises)
6. Services such as setting up showrooms and permanent exhibitions or business training

**Table 1.3:** Set of services provided by export consortia (Bertoli, Valdani, 2006)

To be effective, the activities of these consortia need homogeneity among the partner companies at various levels: 1) at a dimensional level, for organisational reasons; 2) at a financial level, in order to avoid that the difficulties of one member company may jeopardise the image of the others; 3) at a territorial level, because it is important to limit the activities of these consortia to local dimensions, to make them more effective. Moreover, the number of member companies must be neither too high nor too low. In this way, it is possible to avoid the emergence of problems at the decision-making level on the one hand or financial level on the other.

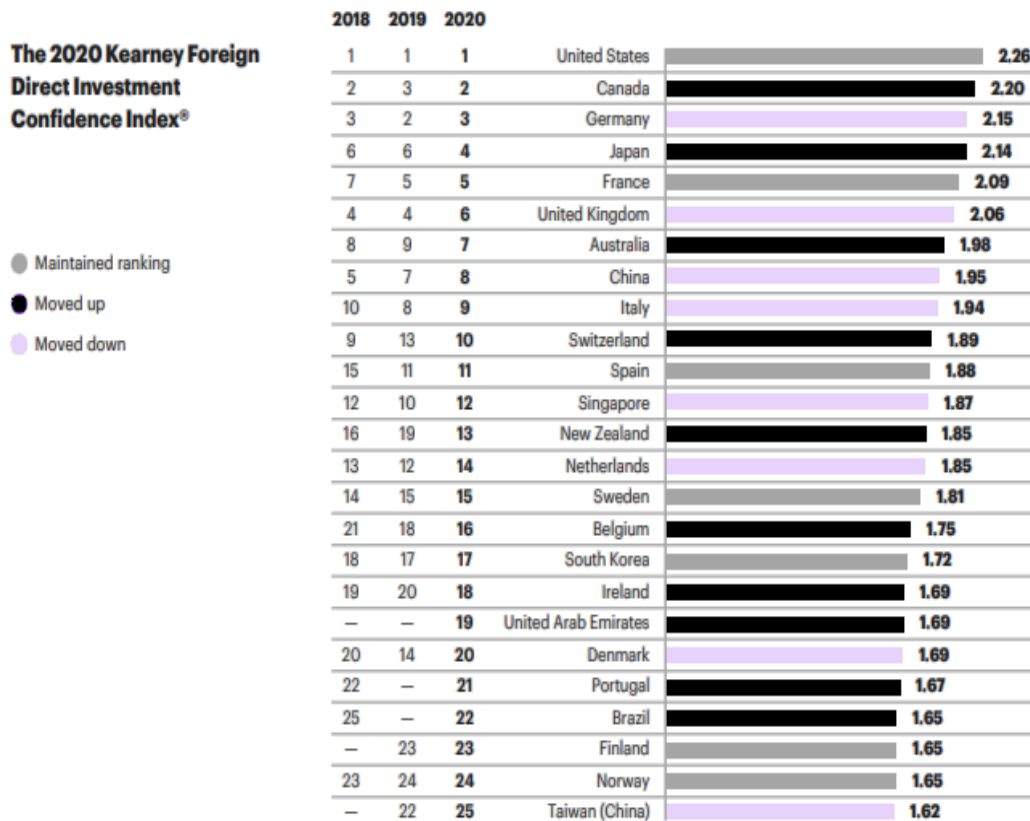
The third form of mediation for indirect exporting is the one carried out by the export buying agent, a mediator that buys products for others on its own name, without acquiring their property. It is located in the exporting country. In Italy, this activity is disciplined by the commission agreement, which allows purchasing on behalf of the customer and in the name of the commissioner. Generally, the customers are commercial companies that use the commissioner to buy in countries where they do not find convenient to set up their own activities. Commissioners, instead, are specialised based on product types and they conduct market studies, identify the companies that best meet the needs of the foreign customer, provide suggestions for product adaptation. As compensation for this activity, they receive a commission on the value of the exported goods. The commissioner can operate for a single customer or based on specific commissions (Bertoli, Valdani, 2006).

### **1.2.3. Foreign production settlement**

The increase of international competition makes it necessary for firms to strengthen their competitive advantage and enter foreign markets in a long-term way. Their presence abroad should not be temporary, but continuous and long-lasting. Therefore, companies may settle in the area they want to reach by setting up production settlement. This can be done in the form of foreign direct investments – FDI (Bertoli, Valdani, 2006).

FDI describes the investment in manufacturing, sales, and services in a country other than that of the company (Glowik, Smyczek, 2011). In this way, the company holds its control over activities such as plants, R&D laboratories and sales offices. This long-term relationship implies that the investor company has a strong influence on the way the foreign enterprise is managed. Of course, developed countries are the best attractors and

sources of FDI: European Union, the United States, and Japan have always been the rulers in this panorama, both in inward flows and outward flows (Onkvisit, Shaw, 2004). According to the Italian Trade Agency (2020), Italy is ranked 9<sup>th</sup> globally and 4<sup>th</sup> in the European Union - preceded only by Germany, France and the United Kingdom - in the 2019 FDI Confidex Index, an annual survey indicating the countries that are most likely to attract foreign investments in the next three years.



**Figure 1.1:** 2020 Kearney Foreign Direct Investment Confidence Index (www.kearney.com)

The unit located abroad may be owned by the parent company: in this case, the entry mode will be a *sole venture*, as in the hypothesis of this section. Nevertheless, the investment can be made in partnership with other companies; in this case, there are many parent companies and the entry mode is a *joint venture*, as in the cases that will be discussed in the next sections (Bertoli, Valdani, 2006).

Foreign production settlement can be driven by different reasons, which have been deeply explained by Bertoli and Valdani (2006). First of all, the desire to invest to enter a foreign market may be induced by several factors such as funding opportunities, the

decrease of bureaucratic procedures, the greater availability of lands, and/or lower costs for these. However, the decision to settle abroad may be also based on other decisions, such as the desire of establishing a more effective presence in a country where the company is already present or the wish of entering a new market. The third motivation that can lead a company to invest abroad is the reduction of costs, especially those related to the supply of raw materials, product logistics – producing locally reduces transports and customs costs – and the cost of labour itself.

When the company enters a foreign market through investment, it must decide whether to establish a new business complex – called *greenfield FDI* – or to enter the market through the acquisition of a local company – *brownfield FDI* (Ietto-Gillies, 2012). In the case of greenfield FDI, an entirely new plant of activities is created. This investment increases employments and implies a gradual entry in the foreign market (Onkvisit, Shaw, 2004). In the case of brownfield FDI, instead, the concept of mergers and acquisitions (M&A) must be introduced; they involve the change of the ownership of an existing enterprise, which merges with the firm owned by the foreign investor (Ietto-Gillies, 2012). This hybridisation requires a renovation of the acquired company, that must fit with the investor's firm. International M&A are complex since they need the research of a suitable company, the decision of a fair price, and the union of two different teams with linguistic, cultural and economic differences. (Onkvisit, Shaw, 2004).

Therefore, foreign direct investments are further modality that the company can use to enter a foreign country and establish production units there. Research has proved that in a hypothetical timeline of the stages of internationalization, exporting would represent the first stage, the minimum one; FDI's would be the last stage, the maximum for internationalization (Bertoli, Valdani, 2006). In the middle there would be intermediate forms such as intercompany agreements, which will be explained in the next chapter.

#### 1.2.4. Intercompany agreements

The term intercompany agreement refers to (Marcati, 1995):

“A collaborative relationship based on the overlapping interests, in which the interlocutors commit each other, even informally, to cooperate and follow a conduct which benefits all the companies involved.”<sup>2</sup>

The agreements this research is talking about are international agreements, namely those involving firms whose headquarters are in different countries. Before examining in depth the types of agreements, it is worth distinguishing between two types of agreements. Contractual agreements, defined as *non-equity agreements*, such as franchising, licensing or piggyback; capital agreements, defined as *equity agreements*, such as joint ventures. In the first case, the agreement does not need risky investments by the partner companies of the agreement. In the second case, the agreement provides for the establishment of an organisational unit whose partner companies share the share capital. Generally, cooperation between partners is driven by the need to develop business activities in countries where specific adaptation to local conditions is required (Bertoli, Valdani, 2006).

Franchising is a form of partnership where “one party, the *franchisor*, grants another party, the *franchisee*, the right to use its trademark as well as certain business systems and processes, to produce a good or service” (BusinessDictionary.com, 2020). The counterparty, instead, undertakes to pay a fee and to support the investments needed to properly commercialize the goods (Bertoli, Valdani, 2006). The advantage of franchising is the fact that it allows companies to expand into foreign markets while retaining control over activities. Hence, it becomes easier for the franchisor to manage sales. At the same time, difficulties linked to the entry into a new market, where the environment and the regulations are different, may rise. There are two solutions to manage these problems: direct franchising or indirect franchising. The first option consists in the conclusion of contracts with local operators for opening sales units; this implies a broad knowledge of the market one is entering as well as wide notoriety of the brand in the chosen country.

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<sup>2</sup> This quote is a personal translation from Italian: “a collaborative relationship, based on an overlapping of interests, in which the interlocutors commit each other, even informally, to cooperate and follow a certain line of conduct, which benefits all the companies involved”.

The second option occurs when the company does not know the market and entrusts other entities with the management and development of sales (Bertoli, Valdani, 2006).

Piggyback is the agreement whereby “the local manufacturer or distributor offers a foreign manufacturer or distributor the services of its distribution” (Bertoli, Valdani, 2006). In this type of agreement, two parties are involved: the carrier and the rider. The carrier is the larger company that is already present in the foreign market and is in charge of the distribution of the rider’s product; the latter, thanks to the agreement, can enter the foreign market without facing the efforts and the time normally required for that. Piggyback allows both parties to obtain some advantages. The carrier can choose the product to place on the market, which can be coherent with the range of products offered by the company. The rider, through the agreement, can avoid the costs related to this operation with the creation of its own sales network abroad (Bertoli, Valdani, 2006).

Foreign market entry can also take place via agreements in the production area. For instance, the company can transfer responsibilities of the production process to a foreign local partner, while maintaining control over marketing and customer care activities. Licensing is an example of that (Bertoli, Valdani, 2006). Research has demonstrated that this type of agreement (Onkvisit, Shaw, 2004):

*“permits a foreign company to use industrial property (i.e. patents, trademarks, and copyrights), technical know-how and skills, architectural and engineering designs, or any combinations of these in a foreign market”.*

In other words, a company – the licensor – allows a foreign company – the licensee – to manufacture a product for sale for payment of a fee. Licensing is not only restricted to tangible products since a service can be licensed as well. The agreement requires the licensor to provide the licensee with the knowledge and experience accumulated over the years, as well as any further information necessary to make the product functional (Bertoli, Valdani, 2006). Granting a license can have advantages such as protecting the company’s patent against cancellation for non-use, that happens when a company decides to leave the market after having invested in production and marketing activities there. Another benefit can be found in the fact that the brand may be extended into other categories in which the brand owner has no expertise (Onkvisit, Shaw, 2004). At the same

time, disadvantages from licensing can rise. This form of agreement may implicate risks related to costs, which can be high. Then, making knowledge and experiences available for the licensee may be a danger for the licensor; as a matter of fact, the licensee may damage the brand image and reputation by failing in observing certain quality and reliability standards. For this reason, the company must supervise the licensee's activities (Bertoli, Valdani, 2006).

An alternative to consider for entering a foreign market is a joint venture, a partnership at a corporate level with a long-term purpose. It can be either domestic or international, when the firms' headquarters are located in different countries (Onkvisit, Shaw, 2004). In broad terms, a joint venture is an enterprise formed for a specific purpose by two or more investors that share ownership and control; it is called an *equity joint venture*. However, there is another type of agreement called a *non-equity joint venture*, or contractual joint venture, whose aim is to accomplish a single business deal and, therefore, does not involve the establishment of a society (Bertoli, Valdani, 2006). Sometimes joint ventures are formed to satisfy social, economic and political circumstances. That is what happened with Pillsbury, an American company that planned to enter the Japanese market with its products and finally decided to opt for a good partner in order to follow traditional business customs. In this case, social implications have been considered (Onkvisit, Shaw, 2004). Of course, risks may arise in this type of market entry too. Conflicts related to cultural problems, divergent goals, or disagreements may occur when two organisations work together. Several factors are determining the choice of a joint venture or other forms of market entry, and they have to be considered and studied before choosing the option that best fits for the organisation.

Finally, the last form of cooperation to enter foreign markets are strategic alliances. International firms pay special attention to the search of strategic partners to penetrate a foreign market, but there is not a precise procedure to form these alliances. They can be mergers, joint ventures, or licensing agreements. The difference lies in the fact that a strategic alliance is a (Onkvisit, Shaw, 2004):

“contractual agreement where two or more partners agree to cooperate and use each partner's resource and expertise to penetrate a particular market”.

For this reason, partners do not need to share equity. There are three types of strategic alliances: shared distribution, licensed manufacturing and research and development (R&D). Shared distribution is the integration of partners to distribute a product in one country: this happened in the United States, where Chrysler and Mitsubishi Motors came together to distribute cars. One partner had a wider product line, the other had inexpensive and quick access to a market; they cooperated focusing on what they could do best for that market. (Johansson, 2009). Manufacturing alliances are arrangements where two brands merge their manufacturing capabilities in order to produce goods for a certain market. The agreement is convenient since it allows saving money and not having to invest in plant and equipment (Johansson, 2009). R&D alliances are a form of interfirm cooperation representing an alternative for firms to gain access to complementary capabilities, reach economies of scale and shorten development time (Powell, 1990). Therefore, the sharing and transfer of knowledge over firm boundaries is a prerogative of this type of cooperation.

In conclusion, if a company wants to enter a foreign market, it has several options. Once the target market has been chosen, the management must decide on the best strategy to enter. Depending on the type of product and the degree of importance of the firm and its activities, it can choose between exporting, settling production units abroad or signing intercompany agreements. Each modality has its strengths and weaknesses, that have to be balanced in order to opt for the best solution for the company. There is not an ideal market penetration for all markets in all circumstances (Onkvisit, Shaw, 2004).

### **1.3. Strategy implementation in international marketing**

As soon as the company has decided on the target countries and the entry strategy, it can proceed with the market segmentation, the positioning strategies and the implementation of a proper marketing mix, which must be coherent with the aspects previously considered. The definition of the international marketing policies is the endpoint of these studies.



### **1.3.1. Market segmentation**

Before deciding how to position the product in international markets, market segmentation is necessary in order to define the addressees of the marketing activity. Segmentation aims to satisfy the consumer. Thanks to a subdivision of the market into homogeneous groups of consumers, the company can develop target programs to meet the consumer's needs and requirements.

The segmentation process consists of two phases: the research phase, where segments are identified and described, and the decision phase, where the target segment is chosen. At the international level, the process is more complex as markets are heterogeneous and social and environmental conditions differ. In this regard, the simplest form of segmentation is to address economically and culturally homogeneous groups of countries. Therefore, some products do not need to be adapted because they are suitable for the benefits sought by consumers of similar countries. These countries are called *clusters*, and they are identified through the *cluster analysis* process, which allows them to recognize homogeneous groups of countries that share the same product demand. At a later stage, similarities can be found within transnational market segments. If neither option is feasible, the segmentation process will be on a national basis. The criteria for market segmentation may be related to geographical, economic, cultural or religious variables (Bertoli, Valdani, 2006).

Finally, it is important to make the last observation concerning homogeneity and heterogeneity. Onkvisit and Shaw (2004) consider homogeneity to be vertical, namely homogeneous within the same country, or horizontal, namely homogeneous across countries. Hence, two countries that are heterogeneous within their borders can be heterogeneous at a transnational level in case a single segment of one country is similar to the equivalent of another country.

In any case, market segmentation and discrepancies among consumers must be taken into account and studied when defining international marketing policies.

### **1.3.2. Market positioning in international marketing**

Defining the positioning strategy in foreign markets means choosing the best modality to position the product most conveniently and appropriately for the company. A guideline

for the marketing mix must be defined: product, price, distribution and communication policies must be coherent with the chosen positioning strategy (Bertoli, Valdani, 2006).

The positioning strategy is made of two stages, the analytical and the strategic one. In the first stage, the company must identify the consumer's perception of the product; the aim is to understand how the product is perceived as compared to the competitor's one. Once this information has been collected, the strategic stage starts. The company must choose the most effective mode to reach the target it wants to address; at this stage, the most suitable marketing mix policies for the product must be defined (Bertoli, Valdani, 2006). At international level, the heterogeneity of markets makes this process more complex. As a matter of fact, we can distinguish between (1) standardized positioning when the choices regarding positioning are homogeneous in the various countries where the company operates, and (2) adapted positioning when the choices vary according to the features of the target countries. The definition of the market positioning strategy can be based on different criteria, that can be summarised as follows (see table 1.4):

<i>Product/Benefit</i>	The company focuses on the attributes of the product to get closer to the target's ideal product.
<i>Quality-price ratio</i>	The company may offer a higher price for products with superior technical, functional and design features.
<i>Use cases</i>	The company underlines the capability of the product of being used for certain functions or its adaptability in a certain situation.
<i>Target segment</i>	The company may position the product based on the user's characteristics. In such cases, testimonials that users identify with are used.
<i>Competitors</i>	The company may underline the competitor's weaknesses, that correspond to the company's strengths.
<i>Company's features</i>	The company may highlight its competitive advantage, which is represented by a distinctive image it has created in the home country and that differentiates it from others. The company can try to replicate this image abroad.

**Table 1.4:** The criteria for positioning in international markets (Bertoli, Valdani, 2006)

### **1.3.3. The international marketing mix**

The satisfaction that the consumer derives from the product comes from its distribution, promotion and price. For this reason, market segmentation and positioning are not enough for a product to be successful. Defining the marketing mix in target countries is important to satisfy consumer needs. Therefore, the next sections will be dedicated to the explanation of product, distribution and pricing policies.

#### **1.3.3.1. Product policy**

The choice of the product for entering foreign markets is particularly important since it defines the customers that will benefit from that and it also influences the modality a company uses to enter the target market. The product can be analysed from different perspectives. One of the first studies on that was made by Philip Kotler (1967)<sup>3</sup>, who suggested three levels of product. The core product, that is the benefit of the product that makes it valuable for the consumer. The actual product, that is the tangible and physical part of the product. The augmented product, which consists of added values that help consumers to put the product to use. Bertoli and Valdani (2006), instead, focus on other aspects that are part and parcel of the product. These are the structural elements, such as the ingredients, the taste, the quality, the fragrance that characterize the product. The external elements, such as packaging, design, colours. The auxiliary services, that are commercial, financial and concerning pre and post-sales support. In any case, an attractive product must be found; then, the company chooses for standardizing or adapting the product to the market. This aspect will be deeply analysed in the next chapter.

Generally speaking, the search for development opportunities in foreign markets can follow three product strategies: imitation, incremental development and innovation (Bertoli, Valdani, 2006). The imitation strategy is adopted by companies that establish themselves in international markets taking advantage of technologies and innovations originating in other countries. That is what happened when recently developed countries, such as China, Korea, Singapore, Hong Kong and Taiwan, entered Europe and United States by imitating products already existing in these countries but offering them at

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<sup>3</sup> Kotler is considered as the father of marketing. He helped the spread of the 4Ps model and he made an important contribution in the field of marketing as a scientific discipline.

competitive prices. They aimed to increase their sales volume setting good prices in order to reduce production costs. Then, the incremental development strategy is adopted when the company works for an adaptation and improvement process of the product in order to satisfy the desire of single foreign markets. Italian firms have demonstrated excellent capacities in adapting their products to local needs. Finally, the innovation strategy is adopted when companies try to develop at international level through the research and implementation of innovations; in other words, they offer different and innovative products than those already offered in the market (Bertoli, Valdani, 2006).

When defining the international product policy two other aspects need to be discussed: the choice between standardization/adaptation and the influence of the country of origin. A dedicated chapter will be addressed to the first topic, while the second will be now explored. Indeed, research has proved that attributes such as the firm's origin may have effects on the consumer's choice processes. This phenomenon, referred to as 'Country of Origin Effect' is a sort of halo effect (Han, 1989) where consumers give importance to their general impressions of a country to form some beliefs about a product's attributes. In other cases, this phenomenon can be considered as a summary effect, that is the idea that the image of a country is based on the consumer's previous experiences with its products. Nevertheless, research has not attained a univocal indication in this respect; however, Bertoli and Valdani (2006) claim that the country of origin plays a particularly influential role when the consumer perceives the country as a guarantor of quality. The origin of the product will therefore influence its competitive position. As a result, in its marketing activity, the company will tend to emphasize the effects of its image if it is positive. In case it is negative, the company will shift its attention to other product features (Bertoli, Valdani, 2006).

### **1.3.3.2. Distribution channels**

All products need competent distribution to be sold. As a matter of fact, selling channels can play an important role in the international success of products. An effective system of distribution allows a company to meet its marketing objectives.

Companies may use two channels of distribution to sell abroad: indirect selling and direct selling (Onkvisit, Shaw, 2004). Indirect selling is used when a manufacturer in one

country sells its products through another firm of the same country; this firm is called a sales intermediary, and it assumes all the responsibilities for trading the product abroad. The company opts for this solution when it has no relationships with foreign firms. This type of channel is simple and inexpensive; however, it is not a permanent solution for the company, that may run the risk to be left alone if the intermediary has no more profits or better offers. Direct selling, instead, is used when the manufacturer deals directly with the foreign party without the help of a domestic intermediary; he has direct control over prices and consumer service quality. Hence, he sets up foreign channels of distribution and is responsible for shipping the product abroad. In this way, it is easier for the manufacturer to exploit the market; however, disadvantages can rise if he has no familiarity with the foreign market or if he does not have a large sales volume. Indeed, this type of channel is more expensive.

According to the type of channel, several intermediaries can be described. Direct channels of distribution may lean on foreign distributors, foreign retailers, state-controlled trading companies and end-users (Onkvisit, Shaw, 2004). A foreign distributor is a foreign firm that has the right to distribute products for a manufacturer in a specific country or area. Foreign retailers are used when the product at issue is a consumer product and not an industrial one; retailers nowadays are gaining an important position since they are determining which products have access to the market (Glowik, Smyczek, 2011). For some products such as telecommunications equipment, state-controlled trading companies may be required; in this case, the manufacturer directly contacts and sells to the company. In some cases, the manufacturer can sell directly to foreign end-users with no intermediaries. This solution is the most logical for costly industrial products. As far as indirect channels are concerned, intermediaries make the correspondence between a manufacturer and foreign partner unnecessary. The producer deals, instead, with domestic agents or domestic merchants (Onkvisit, Shaw, 2004). The first ones do not take title to the goods; the others own the products.

The selection of the distribution channel for foreign markets requires that the company has a good understanding of the market and the goals to be achieved. The decision is influenced by the objectives of the marketing strategy, the type of products, the consumer behaviour, the buyer's habits, the company's control over channels (Doole, Lowe, 2008). Therefore, these factors have to be considered before choosing the channel.

In conclusion, a product must be accessible to buyers independently from the choice of the manufacturer of using direct or indirect channels of distribution. Several factors must be taken into account and the final choice must be cautious and aware of the features of the country the company is trading (Onkvisit, Shaw, 2004).

### **1.3.3.3. Pricing strategy**

As mentioned before, one of the 4Ps of marketing mix is price. Price is an integral part of a product since it affects demand and reflects consumer's consideration of the product itself. However, it does not have to be isolated from the other parts of the marketing mix.

As far as pricing strategies are concerned, decisions in international markets do not differ from national ones. When pricing a product, a company must consider business, market and environmental factors (Bertoli, Valdani, 2006). Business factors are those concerning the company itself: in the process of determining sales price, attention must be paid to the location of the production unit, the chosen entry channel and the costs that the company has to bear for production, management and marketing of goods. With regards to market factors, they are related to competition, both local and international: in determining prices, the company must choose whether to place its offer at a lower, equal or higher price than its competitors. Moreover, it must take into account exchange rate fluctuations and government control over pricing. Finally, environmental factors must be taken into account in the selection of the pricing policy. These vary from country to country and aim at protecting the national economy from foreign competitors.

An example of pricing strategy is dumping, namely the practice of charging different prices for the same product in different markets (Onkvisit, Shaw, 2004). Hence, it becomes arduous for local producers to merchandise the same kind of product of the importing company. According to its aim, dumping can be classified in several ways (Bertoli, Valdani, 2006):

- Sporadic: placing abroad, at a lower price, goods that are unsold in the domestic market. Usually undertaken by companies that do not sell in foreign markets.
- Predatory: selling at a loss to gain access to a specific market and to eliminate competitors. The company can increase price at a later stage.

- Persistent: selling at lower prices in one market than in others.

Not all countries consider dumping as a legal practice. Many countries, however, have specific dumping laws that set a minimum price for a specific good in the market (Onkvisit, Shaw, 2004).

In conclusion, pricing in international marketing is a quite demanding activity since many factors must be considered. Internal and external factors influence this activity, together with the political, cultural, economic and legal differences of the environments. However, if a company wants to compete internationally and reach its goals in terms of sales and profits must combine pricing with the other elements of the marketing mix.

#### **1.4. Conclusion**

This chapter aimed to highlight the issues behind international marketing. This research has shown the key aspects that companies have to face when they decide to enter foreign markets. The general line of research has firstly examined the reasons for pushing companies to internationalize and the difference between domestic and international marketing. Then, attention has been paid to the SLEPT approach. Indeed, when entering a foreign market it is necessary to take into account the social, legal, political, economic and technological variables that influence the company's actions. With regard to this matter, studies have shown that before building a marketing plan, the environment of the target country must be considered. Once this has been done, the strategy can be planned, taking into account the four Ps of the marketing mix: product, price, place and promotion. There are several ways to enter the market – all considering many factors – since the choice can be done based on the type of product or the type of activity carried out. As a result, the company can choose from a range of options. Consequently, the marketing strategy is implemented through market segmentation, positioning and the choices regarding the type of product, the distribution channels and the pricing policy. Nevertheless, it is equally important to analyse in-depth the choice underlying the entrance into foreign markets and the strategies for correct product communication. Therefore, the next chapters will be dedicated to this.





## CHAPTER 2

### Entering foreign markets: issues and implications

#### 2.1. Culture in the international marketing environment

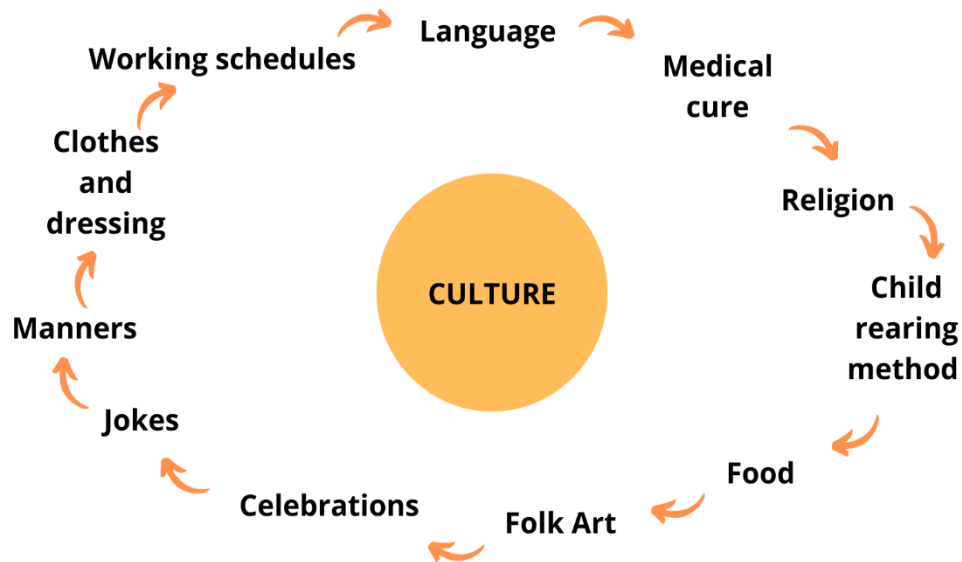
International marketing strategies have increased contacts between cultures and have highlighted the importance of issues related to the diversity of cultures. With globalisation, countries are not limited by boundaries and challenges related to cultural aspects can determine the success of communication (Swarnalatha, Vasantham, 2014). This aspect must be taken into account in international management. Doost Mohammadian (2017) underlines that:

*Internationalization is the process through which products can be prepared to be taken to other countries. It does not just mean being able to change languages; instead, it means being to accept different forms of data, different settings to match local customs and different strings of data and process it correctly.*

Therefore, doing business abroad means managing corporate activities in a multicultural environment. To refer to this, research has introduced the expression “cross-cultural marketing” (Rugimbana, Nwankwo, 2003).

There are more than 450 definitions of the word “culture” (Trifonovitch, 1977). For the purpose of this research, one of the most interesting ones describes culture as the set of values, behaviours, and distinctive characteristics shared by individuals in a given territory (Herbig, 2000). It is, indeed, the acquired knowledge that people use to interpret events and experiences for generating social and professional behaviours (Doost Mohammadian, 2017). One of the most important aspects to bear in mind when entering a foreign market is to understand the differences in perceptions, cultural values and needs of society. Indeed, goods or services that may be appropriate to meet needs in one country may not be appropriate in another country. Marketers must therefore be able to redefine the offer to meet local needs. As a matter of fact, a successful company is the one able to examine foreign markets also from a cultural point of view before undertaking marketing activities (Herbig, 2000). Cross-cultural marketing aims at conforming to the different

features of markets to develop a winning strategy. The elements that makeup culture can be summarized as follows:



**Figure 2.1:** The core elements of culture (Doost, Mohammadian, 2017)

Culture can be examined from different perspectives. One way is through subcultures. A subculture is a group of people within a culture which has its own ideas, beliefs and ways of life (Collinsdictionary.com). As individuals, we are all exposed to cultural differences depending on the groups we belong to. These differences can be related to how people usually do things or how they are organized in social institutions. When conducting international marketing activities, it may be necessary to adapt to these differences within cultures. However, this is not the only way to examine culture. There is a more implicit level of cultural norms and values which underlies consumption and is less easily observable than languages, customs, or institutions (Rugimbana, Nwankwo, 2003). If culture is considered as an iceberg, language, traditions, and art are the ‘visible culture’, which is explicit; everything that deals with the implicit elements, such as values and beliefs that shape behaviour, is located below the surface (see Figure 2.2). These aspects can be summarized in the value orientation model developed by Kluckhohn and Strodtbeck (1961): this framework analyses the cultural preferences related to eight value

orientations. These implications are crucial in the management of activities across countries and they will be examined in the next section.



**Figure 2.2:** The iceberg of culture. (Rugimbana, Nwankwo, 2003)

### **2.1.1. Value orientation in cross-cultural marketing**

Rugimbana and Nwankwo (2003) analysed societies by their relationship to eight elements: nature, others, power, rules, action and activity, affect, space, and time.

As far as nature is concerned, research has proved that human societies may have three different orientations towards nature: domination, harmony, and subjugation. The domination orientation is based on the idea that it is possible to submit nature to satisfy human requirements. This type of relationship is typical of Western societies. The harmony orientation conceives of humans as one of the components of nature; this vision is typical of traditional cultures, especially Asian ones. The last orientation is subjugation, that describes humans as part of nature but submitted to external forces that they accept. This vision characterizes self-sufficient societies that have little contact with the rest of the world. When conducting marketing activities across cultures, it is necessary to take into account the relationship to nature since it influences consumer's living and buying habits. For example, it would be difficult for Hindus to eat beef or for Europeans to eat snakes since these aspects are related to societies' intrinsic relationship with nature.

The relationship of individuals to their community is the second aspect of analysis. It deals with the communalistic or individualistic orientation of societies. Both of them influence consumer behaviour, decision-making process and communication. The first one is typical of Asian, Latin-American and Arabic cultures. The second one is typical of Western countries, and more specifically of France and the United States. According to the type of orientation, countries reveal different international negotiation strategies.

The relationship to power is helpful to understand people's behaviour. Research has observed two options in the definition of a power relationship: hierarchical (vertical) or egalitarian (horizontal) power distribution. Hierarchical societies, differently from egalitarian ones, give particular importance to the place one occupies in the hierarchical system: members of society are not seen as equal. The status will therefore impact the way people deal with others. This specific dimension will be explained by Hofstede's model in the next sections. The orientation towards power has an impact on many managerial variables, such as who can talk to whom, about what, in which situation, and so forth.

Rules also affect social behaviour and they can determine a particularistic or a universalistic orientation. Particularism assumes that rules are applied differently depending on the quality of people, whereas universalism is based on the idea that rules must be applied to everyone in the same way. The relationship to rules is related to the relationship to power: therefore, egalitarian cultures often tend to apply rules homogeneously. On the other hand, in hierarchical societies rules are more often applied to the powerless than to the powerful. The implications of this orientation affect the regulations of business behaviour, and in particular, the way contracts are used in different countries.

The relationship to action and activity is connected to two opposite value orientations: doing and being. The doing orientation is described by the psychoanalyst E. Fromm as typical of industrial societies where the most important thing in life is money and where happiness is measured based on the number of material possessions. In contrast, the being mode focuses on those activities that are a value for the person and nourish the self. This dimension affects management and in particular those aspects related to human resources and the way they are recruited.

Another aspect to consider before undertaking cross-cultural marketing operations is the relationship to affect. This dimension is taken into account in international negotiations by the dilemma of whether to show emotions or hide them and the analysis of the existence of a preference for doing business with people one knows or for a 'business to business' attitude.

The last two relationships to consider are those to space and time. As for space, it deals with how space is used in communication, how interpersonal distances are manipulated and occupied. The relationship to time, instead, is important in negotiation for what concerns the allocation of time to activities: this theory makes a distinction between monochronism and polychronism (Prime, 1994). The monochronic orientation is typical of those cultures that have a preference for doing one thing at a time: planning is rigid, activity is subordinated to time and is task-orientated. If a task is not finished, it will be postponed instead of postponing the schedule. This idea is the main feature of the Anglo-Saxon culture and it has influenced many of the world's normative time management techniques. Polychronic cultures, instead, such as Latin and Asian ones, have more flexible planning. Hence, people tend to do several things at one time, and time is subordinated to activities. These differences reflect a different way of planning international operations: for instance, the Anglo-Saxons usually work methodologically at a regular pace, they start working at 8 am and finish at 5 pm, whereas the "Latins" tend to work intensely but in a less sustained manner and they start working later and finish later. Therefore, conducting international activities requires particular attention to country-specific features. This is particularly true within Europe, where each country has its habits and timetables (Rugimbana, Nwankwo, 2003).

All these orientations have been outlined to understand the psyche of people from different cultures. By figuring out the relationship to nature, other, power, rules, action, affect, space, and time it is possible to cope with dissimilarities in order to reach success in cross-cultural marketing operations.

### 2.1.2. Communication styles in cross-cultural marketing

The way society communicates gives considerable insight into how to conduct business operations. Both verbal and nonverbal cues – such as hand gestures and body language – give remarkable advice on the way messages must be communicated in a given culture. Consequently, the lack of cross-cultural awareness may cause miscommunication and, therefore, negative results in business operations.

The first distinction in communication styles can be made between Direct or Indirect style. Cultures adopting a direct style produce explicit and straight messages. They do use body language, but it is not an important part of the main message. On the other hand, indirect communicators elaborate implicit and contextual messages; the tone of voice, facial expressions and body language are all parts of the message. Therefore, it is important to interpret the meaning of implicit signals coming from below the surface (Solomon, 2018). British people are known to be indirect communicators: for this reason, at the workplace, urgencies are implied more than stated, while maintaining great respect in the speaking style. On the contrary, in countries such as the United States or Germany, where people are considered direct communicators, signals are given in a direct and probably less tactful way.

Doost Mohammadian (2017) underlined three more communication styles influenced by the culture of origin: Elaborate/Exacting/Succinct, Contextual/Personal and Affective/Instrumental. In the *elaborate* style, the speaker talks a lot and repeats many times, language is rich and expressive, differently from the *exacting* style in which the speaker is precise with minimum repetitions. In the *succinct* style, instead, the speaker uses fewer words with moderate repetitions and he makes use of non-verbal cues. The use of understatements, pauses, and silences is included. Cultures such as the United States use the exacting style, the Arabs use the elaborate style, while the succinct one can be found in Japan (De Mooij, 2018). The *contextual* and *personal* styles are verbal styles that focus on the person or the status. In the contextual style, that is role-centred, the focus is on the speaker's title or hierarchical status. Based on the person's status, the situation and the way people are addressed are adapted. Personal style is individual-centred and the focus is on the speaker's achievements. There is no, or minimum, reference to hierarchical relationships. This style is typical of the English language. Lastly, the *affective* and the *instrumental* styles are also verbal styles. In the affective style, the

communication is relationship-oriented: the listener needs to note the way the message is presented and decipher meanings based on nonverbal cues. In the instrumental style, the speaker is goal-oriented and clearly lets the other understand the message by using a direct language.

Communication is not strictly related to words: nonverbal cues also have an impact on the success of communication in cross-cultural contexts. Research has demonstrated that only 7% of communication consists of the actual content of the exchange, while the rest is non-verbal communication. Indeed, people can convey messages through body language, eye contact, or hand gestures (Solomon, 2018). The way people use their bodies underlies implicit messages: deference can be demonstrated through standing tall in some cultures or through bowing in others. A smile could mean agreement, understanding, or discomfort according to a person's culture of origin. Embracing, hugging, kissing, thumping on the shoulder are other signs underlying values in a given society. Eye contact also denotes cultural differences: in Latin American cultures eye contact with superiors is a way to demonstrate respect, whereas for Asian culture it is a sign of disrespect. The use of touching should be observed too; in some cultures touching shoulders or holding the arm may be used to emphasize a point while speaking, in other cultures, it might be seen as an insult. Finally, interpersonal distance conventions between individuals must be considered when delivering messages in a different culture. 18"<sup>4</sup> is considered an intimate distance, 18'' to 48'' is considered personal distance, 4'<sup>5</sup> to 8' is the acceptable social distance and 8' or more is considered as the acceptable public distance (Doost Mohammadian, 2017).

In conclusion, cross-cultural challenges have become an important topic in international marketing. There are many examples of business failures due to the inability of managing cultural differences, as well as examples of companies training their employees on culture acculturation to avoid failure in foreign markets. Therefore, many elements must be considered when working with people from different cultures. The way people interact, as well as body language and gestures, must be consistent with the target country's habits. International business can be complex, but the more proficient one

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<sup>4</sup> The symbol " " " indicates inches, the British and American unit of length. An inch corresponds to 2,54 centimetres.

<sup>5</sup> The symbol " ' " indicates feet, the British and American unit of length. A foot corresponds to 30,48 centimetres and to 12 inches.

becomes at understanding communication styles, the more able he will become to change its style to convey messages among different cultures.

### **2.1.3. Cultural influence on doing business in the United Kingdom**

The United Kingdom is a multilingual and multi-ethnic society with cultural differences between its regions. Understanding these variations is important when doing business in this country. Accomplishment, or even failure, of business negotiation in Great Britain, is not only determined by the product but also by the intercultural competence of managers.

The British cultural standards consider physical distance as an important element in business: keeping the counterpart distant is at the base of their relations. Physical contact for Britons must be as little as possible, indeed shaking hands at the very first encounter is part of their procedure (Engler, 2016). This is probably related to the British tendency to give high value to privacy and personal space: although the United Kingdom is a multicultural country, people require their privacy and personal space. Addressing business partners is done by contacts via phone, e-mail, or by letters; in addition, networking is a very active practice in Britain and it could be useful to employ it to meet British companies. Networks are the best way to reach long-term business relations, which is the main goal of British firms. When building a business relationship, they do not go straight to the point. Instead, they prefer to create a positive atmosphere with small talks without too many details. Taking decisions is not necessary from the first meeting. In this regard, the KISS principle (Engler, 2016) – Keep It Short and Simple – must be applied; marketers must concentrate on the core statement and focus on the partner's benefit, without going into detail.

The British style of communication is indirect: feedbacks are given softly and indirectly. For this reason, it could be difficult for foreign counterparts to recognise it. The practice of giving feedback is structured in the following way: positive introduction, promotion of the employee's self-reflection on its job, encouragement, and support. This takes place in a positive atmosphere and attitude since the British tend to see positivity even in negative situations. Then, they are known for their politeness and courtesy. This aspect is fundamental for business activities in the UK: in the first business appointment,



the partner is faced in a discrete and grateful way. Moreover, even evasive responses tend to be given with subtlety. (Engler, 2016).

To sum up, cultural influences in the United Kingdom are many and it is difficult to make a complete list of them. This section has tried to focus on some of them, but the only way to be acquainted with the cultural peculiarities of a country is to study it and to have more and more contacts with the given culture. The more one knows the customs of a country, the more the business deal will be successful.

#### **2.1.4. Cultural Heritage and *Made in Italy***

Culture should not be examined from the sole point of view of its influence on business decisions and relations. It should also be analysed in the terms of the expressions that determine the value of a given country and its attractiveness, namely cultural heritage. In this respect, the Council of Europe (2005) states that:

*“Cultural heritage is a group of resources inherited from the past which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions”.*

Cultural heritage is, therefore, a distinctive factor in the image and reputation of a country and companies located there. There is a widely held belief that it is the element that generates the success of the *Made in* label (Napolitano, Marino, 2016). Moreover, it is an essential component of a nation’s identity: as Icomos (2002: 21) states, cultural heritage represents “the ways of living developed by a community and passed on from generation to generation, including customs, practices, places, objects, artistic expressions and values”. Despite its importance, literature has not paid due attention to this aspect. Nevertheless, it is possible to analyse how Italian companies wishing to enter foreign markets have taken advantage of the *Made in Italy* label.

*Made in Italy* is mostly represented by food and wine, fashion, design, and handicraft industries. For companies in these sectors, *Made in Italy* is a powerful means for accessing foreign markets and promoting products abroad. This label not only allows one to communicate the identity of companies but it has also played an important role in elevating the reputation of the country of origin. Napolitano and Marino (2016: 47) affirm that:

*“An Italian wine is bought for the simple fact of being Italian [...]. The consumer is aware that Italy is an inexhaustible source of flavours, recipes and aromas.”*

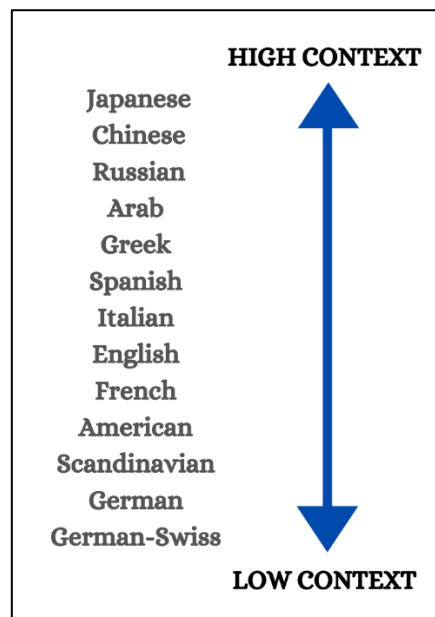
In the eyes of foreign consumers, Italian products recall places, landscapes, atmospheres. For this reason, it becomes easier to affirm a firm's cultural identity, especially for typical products. The strong link with the place of production and precious cultural heritage represent the distinctive features on which international marketing strategies are based (Napolitano, Marino, 2016). Companies, indeed, are aware of the unique value offered by the culture and the image of Italy and the success that this determines on foreign markets. As a result, the ability to exploit cultural heritage may be a lever for achieving a distinctive positioning on international markets. As mentioned above, cultural heritage can include tangible culture, such as buildings, monuments, pieces of art; intangible culture, such as customs, traditions and language; natural heritage. Those who decide to enter international markets can focus on different elements for their internationalization strategy. As a consequence, companies that are planning to sell internationally should consider the importance of cultural heritage. Building one's reputation on the *Made in* label may be a successful strategy in international marketing for giving value to local products abroad.

## **2.2. Cross-national communication**

From what has been discussed so far, culture is a multifaceted and complex concept. It determines distance across countries and influences the decision of whether to expand into a country. However, culture is not the only element that causes distance: other dimensions, such as political, economic, administrative, and geographic differences may also cause distance between countries. Therefore, the implementation of a marketing program across countries requires an understanding of cultural and non-cultural implications. The distance across countries influences both consumers' behaviour and the way communication is carried out. In this section, we look at three models for studying differences across countries from different points of view: Hall's, Hofstede's and Ghemawat's frameworks will be discussed.

### 2.2.1. High and low context analysis

The anthropologist Edward T. Hall (1960) suggested the concept of high and low context to help understand countries' cultural orientations (Rugimbana, Nwankwo, 2003). These attitudes determine the way business activities should be conducted in a given country. In low context cultures, messages are explicit and words carry most of the information: people rely on explicit communication. Therefore, the focus is on verbal communication rather than on body language. Moreover, in these countries there is a low commitment to relationships: tasks are more important than relationships. Low context cultures have a monochronic perception of time, which means that time is highly organised and punctuality and deadlines are strongly important. On the contrary, in high context cultures, messages contain less information and their meaning cannot be understood without their context. Particular attention is paid to nonverbal communication, and expressions of reaction are more reserved and inward. There is a high level of commitment to long-time relationships, which are far more important than tasks. Furthermore, people have a polychronic perception of time: time is open and flexible, and punctuality is not so important. These differences have implications in the way communication is structured across countries: a person from a low-context culture could behave in a way that would be considered rude in a high-context culture and vice versa. According to their tendency, countries can be categorised in the following way:

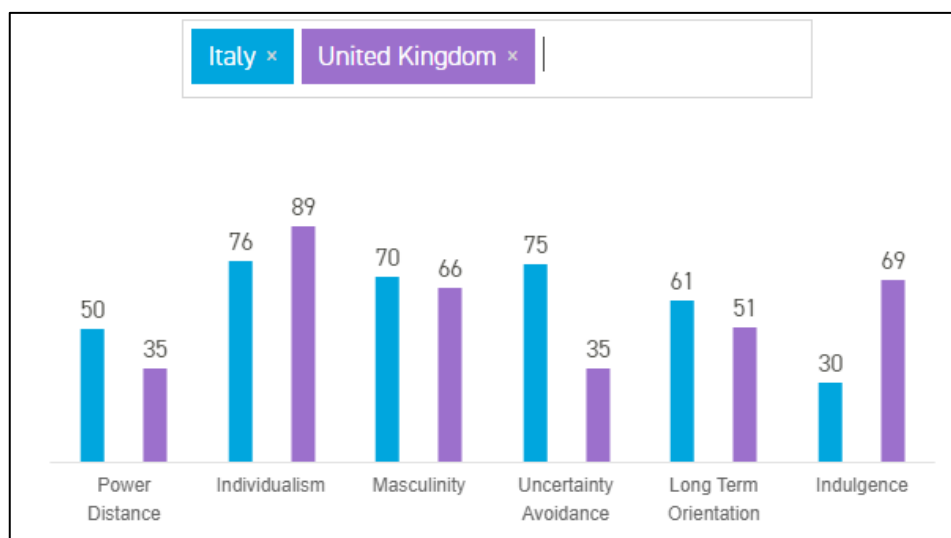


**Figure 2.3:** High and Low context cultures (Personal adaptation from: Samovar, Porter, 1997: 24)

Thus, in today's business relations these concepts must be taken into account to let countries communicate. In each culture, members have specific filters that allow them to see situations in a certain way. Understanding whether a counterpart comes from a high or low context culture will help to adapt communication style, avoid misunderstandings and build stronger relationships. These issues have been examined in depth by Geert Hofstede, whose framework will be shown in the following section.

### **2.2.2. Hofstede's framework: comparison between Italy and the United Kingdom**

In the 1970s, the psychologist and anthropologist Geert Hofstede developed a model based on six dimensions that are supposed to determine discrepancies between cultures; this model was based on over 30 years of data (Rugimbana, Nwankwo, 2003). According to his research, individuals share characteristics at a national level. These distinctive traits, which can be called cultural models, influence their behaviour. For this reason, people in a given country behave in a certain way when interacting with people from another country. The six dimensions that he considered are the following: power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long term orientation versus short term orientation, and indulgence versus restraint. The study conducted by Hofstede covered more than seventy countries, of which Hofstede firstly analysed the 40 countries with the largest groups of respondents and then extended the analysis to 50 countries (Hofstede-insights.com). For each dimension, a score was given to each country: from 1 for the lower to 100 for the highest. Putting together national scores, comparative research between cultures has been done. In this respect, the comparison between Italy and the United Kingdom will be shown in the next pages.



**Figure 2.4:** Hofstede’s framework. Italy’s and United Kingdom’s scores for the 6 dimensions  
 (Source: hofstede-insights.com)

The first dimension to be considered is power distance. It represents the extent to which the less powerful members of a society accept and expect that power is distributed unequally (Doost Mohammadian, 2017). In his research, Hofstede measured power distance in a Power Distance Index (PDI). People in societies with a high PDI score accept a hierarchical distribution of power, in which everybody understands his place in the system. Furthermore, high respect for authorities and rank is shown. On the other hand, a low PDI score indicates that people wish to equalise the distribution of power and do not accept an unequal distribution of it. Participative style management and decentralized decision-making responsibility are encouraged in these countries. The comparison between Italy’s and Britain’s scores shows how Britain, with a 35 score, has one of the lower rankings of PDI (Hofstede-insights.com). Specifically, the PDI is lower amongst the higher class rather than the working class. This means that this society believes that inequalities should be minimised and people should be treated as equals; a sense of fair play is central in this culture. On the contrary, Italy scores 50 in the PD index. In this country, there are discrepancies between the North and the South: as a matter of fact, the score is higher in Southern Italy and lower in Northern Italy. Here, there is a preference for equality and decentralisation of power which determines the low acceptance of authority. The younger generation avoids control and supervision and prefers teamwork and open management style, the opposite of Southern Italy.

The second category to be analysed is individualism/collectivism, which focuses on the tendency of cultures to emphasize or subjugate the goals, needs, and views of the individual. Differences across nations are calculated through the Individualism Index (IDV). Doost Mohammadian (2017: 11) states that:

*“Individualism stands for a society in which the ties between individuals are loose: everyone is expected to look after him/herself and her/his immediate family only. Collectivism stands for a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty”.*

Thus, this dimension considers the degree to which individuals are supposed to act as individuals or remain integrated into groups. Individualism represents the high side of this dimension, in which people tend to prefer to take care of themselves and their immediate families (Hofstede-insights.com). “I” is, therefore, more important than “we”. Collectivism, instead, represents the preference for the goals and the well-being of the group. Hence, the members of a society expect loyalty and generosity from others. According to a culture’s tendency in being individualist or collectivistic, communication strategies may change. Individualistic societies have demonstrated to have a preference for direct communication: in this way, they can enforce control over relationships. Collectivistic cultures, instead, use indirect communication styles because they feel more comfortable avoiding conflict and losing face (Merkin, 2015). United Kingdom scores 89 in IDV, which means that it is amongst the highest individualist countries. Indeed, the British are highly individualist and private people; this can be proved from an early age when children are taught to think for themselves and to find out how they can individually contribute to society. As a matter of fact, personal fulfilment is the only way to find happiness: the “me” culture is more important than the “us” (Hofstede-insights.com). Italy, too, is a quite individualistic society, with a score of 76. Especially the big and rich cities of Northern Italy exhibit their individualism, which is very motivating for personal objectives and ideas. Southern Italy, instead, shows a less individualist behaviour, since the family and the group one belongs to are very important. Rituals such as Sunday lunches with family are proof of this tendency. As a result, discrepancies between the North and the South are perceived by the people themselves, who believe Northern

Italians to be warmer and introverted in their relationships. Individualism and collectivism are related to power distance: Hofstede has proved that a country that scores high on PDI generally scores high for collectivism, while a country that scores low PD, scores high in individualism. Indeed, individualistic countries are focused on the individual and power has not any influence, while in collectivist countries, focused on the group, authorities play an important on the decision of what is best for the group (Watson, Hill, 2015). According to this idea, Figure 2.5 shows the correlation between power distance and individualism in 53 countries. Malaysia is the country that reveals the highest level of power distance and, therefore, high collectivism: Malay culture appears very respectful and grants much power to authorities (Sweetman, 2012). Italy and Great Britain, instead, confirm the above-mentioned scores in power distance and individualism.

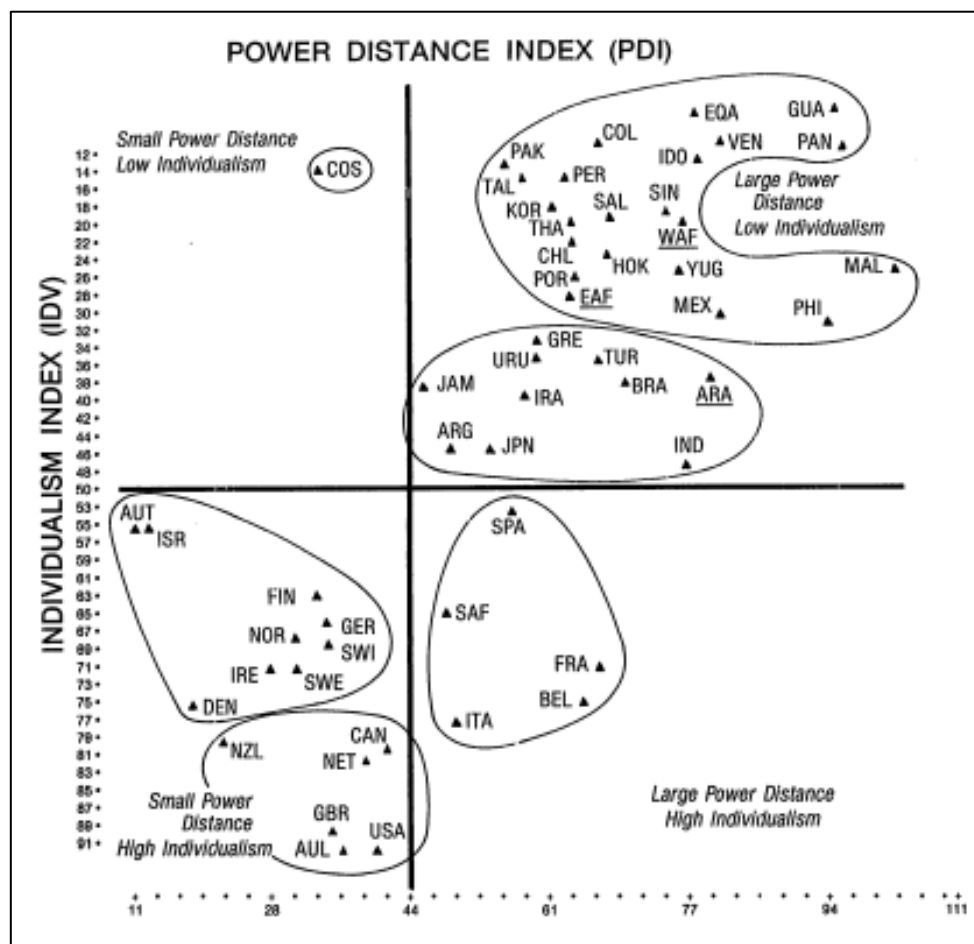


Figure 2.5: The position of 50 countries on the Power Distance and Individualism Scales (Hofstede, 1983)

Societies that score high in power distance tend to score high in masculinity, the third dimension of Hofstede's model, whose contrary is femininity. It is called Masculinity Index (MAS) since the respondents were mostly men. This distinction opposes "tough" masculine to "tender" feminine societies, concerning the distribution of emotional roles between genders. Masculine societies show a preference for achievement, heroism, and material reward for success; they are more competitive and gender roles are distinct (Hofstede-insight.com). Therefore, men are assertive and tough (Doost Mohammadian, 2017). Feminine societies, instead, prefer cooperation, modesty and caring for the weaker. Gender roles overlap, and both men and women are supposed to be modest, tender, and concerned with the quality of life. These issues have implications in negotiation: as a matter of fact, in countries with high MAS people are motivated by precise aims which they want to show they achieved, and money and achievements are particularly important. Countries with low MAS, instead, prefer reaching success through negotiation and collaboration, with inputs from all levels. According to Hofstede's data, Japan shows the highest value for masculinity with a score of 95, followed by German-speaking countries, i.e. Austria, Switzerland, and Germany. In these countries, not only men tend to exhibit tough and masculine values and behaviours, but also women do have masculine values. Latin countries, instead, tend to be more feminine. As far as Italy and the United Kingdom are concerned, they both show high levels of masculinity. British score 66 in MAS, thus being success-oriented and ambitious. They live to work and are highly competitive. Italy scores 70, with similar features. Indeed, Italians are competitive since work is the place to reach success; moreover, children are taught from an early age that being a winner is important in life (Hofstede-insights.com).

Uncertainty Avoidance, scored through the Uncertainty Avoidance Index (UAI), refers to the capability of the members of a society to cope with anxiety. More specifically, it describes the degree to which people feel uncomfortable with uncertain and ambiguous situations. Therefore, countries that score high level of UA maintain rigid behaviours: people try to make life as predictable as possible and if do not succeed in doing that, they stop trying. They plan rules, laws, regulations, and proceed step by step in their actions. Avoiding uncertainty, however, does not mean avoiding risks: rather, people may engage in risky behaviour because it reduces ambiguity. During negotiations, countries scoring high UAI are clear and concise about expectations and goals, they prefer dialogue and



recognize emotions as part of the conversation. On the other side, people scoring low UA feel comfortable in uncertain and changeable situations. They are relaxed, inclusive and tolerant of change (Doost Mohammadian, 2017). In business situations, they are open to change and innovation, do not have a sense of urgency and show particular interest for those who can cope with all circumstances. As for this dimension, Italy and the United Kingdom show opposite tendencies. The United Kingdom has a low score in UAI: 35. This means that they do not have problems with unknown situations, in which they feel comfortable. In working situations, they have clear goals but not detailed plans on how to get there. Italy, instead, has a 75 score in UAI: ambiguity brings anxiety. This tendency affects work: plans are detailed and not flexible to changes. The combination of high Masculinity and high Uncertainty Avoidance makes life very stressful; for this reason, Italians tend to release tension during their long meals or frequent coffee breaks.

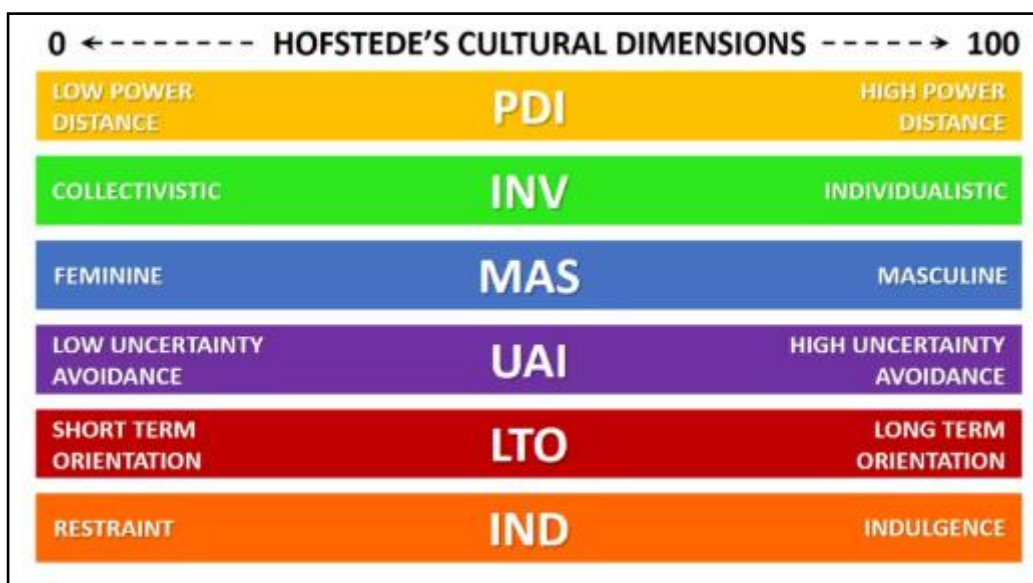
The fifth dimension deals with Long or Short-Term Orientation<sup>6</sup>: the extent to which societies view their time horizon for dealing with the challenges of the present and the future. Countries with a long-term orientation are pragmatic and modest. They focus on the future and prefer delaying short-term success to achieve a long-term one. In short-term oriented countries, instead, people are conceited and they focus on the near future, which is important. For this reason, they want short-term success and gratification, with an emphasis on quick results. In this dimension, Britain scores 51, which means that it cannot be classified as a short or long-term oriented country, since its score is intermediate. Italy, instead, scores 61, with a prevalence of long-term orientation. Hence, people are pragmatic and inclined to save and invest. They are perseverant in achieving results and do not expect immediate results (Hofstede-insights.com).

The last dimension concerns Indulgence versus Restraint attitude. It was introduced later by Hofstede, together with Michael Minkov. The index is called IVR and it describes the tendency of society to fulfil desires and control them. A high IVR describes indulgence: these countries allow free gratification of people's desires and emotions, such as enjoying life and having fun. They are optimistic and focus on personal happiness. A low IVR score describes restraint attitude: in these societies gratification of needs is suppressed and regulated through social norms. People are, instead, pessimistic and their behaviour is more rigid and negative. The United Kingdom scores 69, which means that

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<sup>6</sup> In business contexts, it is referred to as "(short-term) normative versus (long-term) pragmatic" (PRA).

it is an indulgent country. British people wish to realise their desires related to enjoying life and they have a positive attitude. Leisure time is important, together with the idea of spending money as they wish. Italy, on the other hand, scores 30: this indicates that it is a restraint culture. Italians tend to be pessimist and cynic, and they believe their actions to be restrained by social norms. Leisure time, together with the gratification of desires, is not important (Hofstede-insights.com).



**Figure 2.6:** Summary of Hofstede's cultural dimensions (Source: business-to-you.com)

In conclusion, cultural diversity can be considered one of the main issues occurring when negotiating internationally. As it has been explained, according to Hofstede, it may be expressed through power distance, collectivism/individualism, masculinity/femininity, uncertainty avoidance, short-term/long-term orientation, restraint/indulgence. Each of these dimensions has different implications in countries across the globe: to expand internationally, it is necessary to know how different features of the business are viewed in different countries. Working across cultures requires specific skills, for which organizations should train their employees. In this way, behaviours will be adapted and success will be more easily reached (Doost Mohammadian, 2017). Nevertheless, culture is not the only dimension that has an impact on international activities. Other dimensions determine diversity, and so distance, across countries. The next chapter will be dedicated to these.

### **2.2.3. The CAGE Framework**

When a company decides whether to expand into a foreign country, not only cultural differences must be taken into consideration. The economist Pankaj Ghemawat analysed the probable impact of distance between countries across four dimensions, which have been developed into the so-called CAGE framework – which stands for Cultural, Administrative, Geographic, Economic. This model offers a perspective for evaluating the difficulties of entering new countries focusing on the following dimensions: cultural distance, administrative and political distance, geographic distance, and economic distance (Ghemawat, 2001). If cultural differences are hard to change, economic and administrative differences can be more easily changed and adapted to single needs. As table 2.1 shows, the CAGE framework offers a view of distance that includes not only the mere geographic distance, providing a new way of thinking about opportunities and weaknesses related to international marketing. For instance, a company is more likely to trade with a country that is a former colony than with a country to which it has no ties, or a common currency has been demonstrated to increase trade by 340%, and so forth. Therefore, distance or closeness to a country “still matters”. By considering the impact of distance on one’s industry, global-investment chances may be identified. As a result, the company may be able to develop goods that perfectly match the local market needs, conditions, and structures (Janse, 2019). Thanks to this model, risks, and difficulties related to international expansion may be reduced and potential growth opportunities can be accessed. Using this framework, indeed, is helpful to analyse the key differences between a company’s home market and the potential international market it wants to target. It helps the company to assess the impact of distance on its operations and to contain possible risks, thus investing in the most profitable market. However, Ghemawat stresses on the fact that paying attention to these cues is vital in order to avoid any possible failure.

In short, when looking to expand a business into foreign markets, any type of difference must be taken into consideration in order to determine the company’s success in the foreign target market. The CAGE framework can be an effective way to ensure the market has been chosen and analysed correctly.

	<b>Cultural distance</b>	<b>Administrative and Political Distance</b>	<b>Geographic Distance</b>	<b>Economic Distance</b>
<i>Attributes creating distance between countries</i>	Different languages, ethnicities, religion, social norms  Lack of connective ethnic or social networks	Absence of shared monetary or political association  Political hostilities  Weak legal and financial institutions	Lack of common border, waterway access, adequate transportation or communication links  Physical remoteness  Different climates	Different consumer incomes  Different costs and quality of natural, financial, and human resources  Different information or knowledge
<i>Distance most affects industries or products ...</i>	With high linguistic content (TV)  Related to national identities (foods)  Carrying country-specific quality associations (wines)	That a foreign government views as staples (electricity), as building national reputations (aerospace), or as vital to national security (telecommunications)	With low value-to-weight ratio (cement)  That are fragile or perishable (glass, fruit)  In which communications are vital (financial services)	For which demand varies by income (cars)  In which labour and other cost differences matter (garments)

**Table 2.1:** The CAGE framework (Ghemawat, 2001)

Each of these dimensions includes many different factors and matters to different extents: depending on the industry domain, each type of distance may affect the different types of companies. For instance, geographic distance affects the costs of transportation, so it is particularly important for companies whose activities require cooperation between distant people; cultural distance, conversely, affects consumers' preferences so it is more important for consumer goods companies (Ghemawat, 2001). In the following pages, the four dimensions of distance will be reviewed to uncover salient aspects that companies should take into account when trading abroad.

In the previous section, the cultural distance across countries has been examined. The CAGE framework, too, focuses its attention on this dimension. As explained above, a

country's cultural attitude determines how people interact with others: differences in religion, social norms, language, and so on also have an impact on trade. As a consequence, trade between countries that share the same language or social norms is easier and greater than between countries that differ in language or social norms. Cultural attributes are said to create distance because they influence consumer's preferences and behaviour, thus affecting products. Hindus, for example, do not eat beef since it is forbidden by their religion, so it would be a mistake to trade this type of meat in this country (Ghemawat, 2001). In this regard, the UK has a clear advantage: English is the world's business language, so the country's business operations are facilitated by the fact that verbal communication is possible almost everywhere (Greenaway, 2012).

As far as administrative or political distance are concerned, as mentioned above, historical and political associations shared by countries affect trade and help companies to assess whether these differences represent an aid or an obstacle to their strategy. Links such as colony-colonizer may boost trade up to 900%: common currency or trading arrangements increase trade by 300% each – the European Union may be an example of that. On the other hand, policies of individual governments may represent barriers to international expansion, determining distance across countries. A country's weak institutional infrastructure can also affect international activity: companies are usually not attracted by trade in countries known for corruption or social conflict. By contrast, when international infrastructures are strong, the country is much more attractive to foreign investors. Institutional weakness and political hostility represent other factors that may also negatively affect trade and, therefore, generate distance.

The third dimension of the CAGE framework is geographic distance: generally speaking, the farther one is from a country, the harder it is to conduct business in that country. However, other factors that determine geographic distance between countries, including the physical size of the country, the average within-country distances to borders, the access to waterways and oceans, as well as a country's transportation infrastructures. Globalisation, however, has made geographic differences a lot easier thanks to technology.

Finally, the economic distance may affect trade between countries. Consumers' income has important effects on the levels of trade and the types of partners, together with other elements such as purchasing power, gross domestic product (GDP), and distribution

of wealth (Janse, 2019). Research has demonstrated that rich countries have a greater tendency to engage in cross-border economic activities rather than poorer countries. Most of these activities are with other rich countries; indeed, the similarity of GDP per capita do influence trade. As a result, disparities between countries represent a significant barrier to trade (Ghemawat, 2001).

To sum up, the CAGE framework is helpful for companies that want to enter foreign markets since it analyses a wide range of issues that may impact activities abroad, focusing on the opportunities and the risks that may arise. Ghemawat conceived this model to characterise the types of international differences between countries that have commercial relations (Greenaway, 2012). By providing a clear look at the implications that could occur in different fields, it stresses on many categories that are of vital importance for international marketing. Moreover, it works for all markets: the possible impact of distance between countries is analysed to choose the most profitable country to invest in.

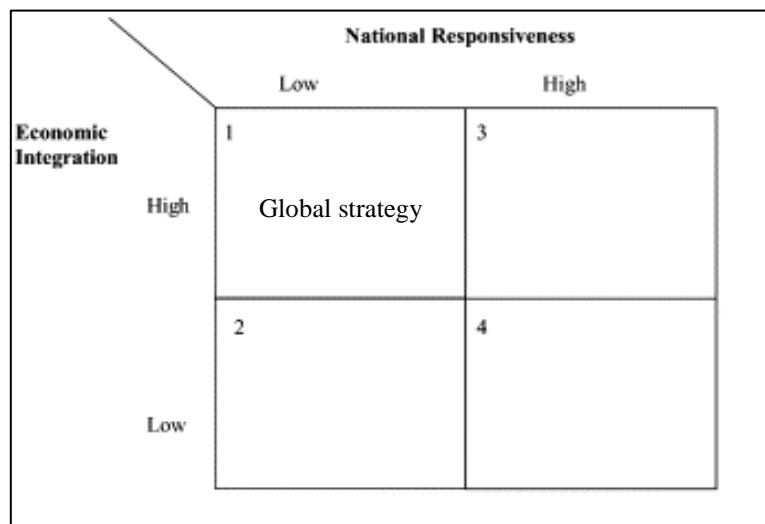
### **2.3. Global versus Local: the international product policy**

In light of the differences emerged between international markets – not only cultural but also economic, administrative, geographical –, it becomes challenging for the company to choose the product strategy that best conforms to corporate needs. One of the most significant questions for a firm entering the international market is which products to sell abroad and how these products should look like (Rudolph, 2009). Given the widening of geographical boundaries of the markets, it is necessary to choose the strategy that best counteracts international competitors (Di Gregorio, 2003). These choices must suit local needs, conditions, and structures, to be successful in the new market. In this respect, the company can choose between three different strategies to compete in foreign markets: standardization, adaptation, or glocalization. The first paradigm is adopted by companies that use a global strategy and, therefore, the same approach for all the countries in which they operate. The second paradigm is adopted by companies that adapt their offer according to the countries: the strategy is localised. The company reflects the local consumer's desire to maintain his/her own culture and reject global influences (Steenkamp, 2019). The third paradigm is a hybrid approach, in which the company keeps

some components of the product unchanged and modifies others according to single geographic contexts (Di Gregorio, 2003).

### 2.3.1. Standardization

This approach is also referred to as “think global, act global” and it relies on the existence of the alleged *global consumer*. According to this idea, companies adopt a pure global strategy that satisfies consumers’ needs through a standardized offer, independently of their geographic position. Therefore, companies consider the world a global market where national peculiarities can be ignored. They offer the same product for all markets with the same quality and price standards. The distinctive element of standardization is the unvarying use of planning, implementation and decision-making process (Di Gregorio, 2003). Figure 2.7 shows a model for international strategies based on the degree of economic integration between different markets and the responsiveness to national specificities: the global strategy occupies a position where there is a high degree of economic integration and a low degree of national responsiveness.



**Figure 2.7:** The international management strategy (Rugman, Hodgetts, 2001: 74-76)

Generally speaking, a global strategy is divided into three main stages: development of the strategy in the domestic market; internationalization of the strategy through the export of the activities; globalization of the strategy to make it applicable in various countries. The activities may be located in an area where they can be carried out

efficiently at the lowest cost (Di Gregorio, 2003). Usually, standardization can be implemented in two ways: (1) through the transfer to other countries of a product originally conceived for the domestic market. (2) through the offer from the origin of a product conceived to be addressed to many countries (Bertoli, Valdani, 2006).

As a result, both advantages and disadvantages may rise with standardization. The first factor in favour of a global strategy is cost reduction. As a matter of fact, standardizing products means favouring economies of scale since it is possible to produce high volumes at a lower price. The reduction of costs also concerns communication and promotion activities, which can be adopted globally. Then, thanks to standardization, it is possible to improve the quality of products and programs. A company that operates globally satisfies consumers in different countries with a uniform offer and can therefore concentrate its resources on quality. Also, the company can affirm a global brand image: just because of its global nature, the brand is perceived as a quality brand and reassures the customer. Finally, the advantages may also be organisational since a global strategy reduces the complexity of planning, coordination, and control activities. However, disadvantages may arise because of the limits that a global strategy may have. As a matter of fact, a standardized offer is not likely to overcome cultural, geographic, administrative or economic barriers. Moreover, because of the concentration of activities, this approach may distance customers, so the offer does not respond to their needs. In this way, the creative capacity of local management, which could provide information and suggestions to meet demand, is contained (Di Gregorio, 2003).

### **2.3.2. Adaptation**

The “think local, act local” approach, namely adaptation, aims at satisfying the needs of single national contexts. The choice of opting for a local strategy originates from the analysis of the peculiarities of individual markets, which represent a limitation for the global strategy. These features are many and have implications that make the adoption of a standardized strategy difficult. They can be summarised as follows:

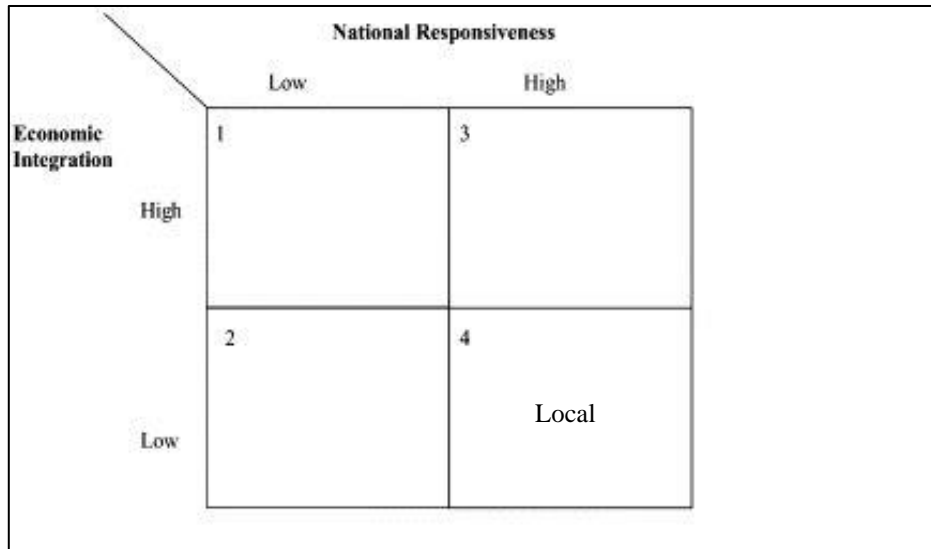


<i>FEATURES</i>	<i>IMPLICATIONS</i>
<i>Legal systems</i>	Compliance with standards and regulations
<i>Marketing infrastructures</i>	Different degree of development of distribution channels and transport and communication systems
<i>Product life cycle</i>	The different stage of the product needs a different strategy
<i>Strategic importance of individual markets</i>	Decision of establishing or not a long-term relationship
<i>Competition</i>	Different features and responses to competition across countries
<i>Economic development</i>	Different perception of the product according to one's GDP
<i>Climatic and morphological conditions</i>	Different packaging or type of products to be sold
<i>Product features</i>	The strategy differs according to the type of product
<i>Cultural differences</i>	Different modalities of satisfying single needs

**Table 2.2:** Features of country markets (personal adaptation from Di Gregorio, 2003)

Each of these peculiarities represents an obstacle for a global strategy, thus determining the adoption of a local one. Having examined these features, the company chooses for the adaptation of a product to meet local needs. This process can be implemented in two ways: (1) through products that are modified from those offered in the local market; (2) through products conceived specifically for the foreign target market (Bertoli, Valdani, 2006). In the first case, the company modifies the features and the components of the product in order to adapt it to the specific characteristics of the target country; this process may occur through the adaptation of the physical product and the services that it offers or through the modification of the symbolic features of the product. In the latter case, instead, completely new and different products are designed according

to the peculiarities of the target country: this process is more difficult than the former. Figure 2.8 shows the position of the local strategy in the international management strategy matrix. It has a high degree of responsiveness to national specificities and a low degree of integration across different markets.



**Figure 2.8:** The international management strategy (Rugman, Hodgetts, 2001: 335)

Advantages and disadvantages may arise in this strategy, too. Specifically, the disadvantages of the global strategy are considered to be the strengths of the local strategy, and advantages are the weaknesses. Broadly speaking, the advantages of the “think local, act local” paradigm concern, first and foremost, the proposal of a specific strategy for each country. Then, deciding at a local level allows reducing response times and guarantees local management’s autonomy. By contrast, disadvantages are ascribable to the fact that individual countries may be small in size, not allowing to benefit of economies of scale. Besides, adaptation costs can be high (Di Gregorio, 2003).

As mentioned above, according to the features of single countries, a local or a global strategy may be preferred. The main differences between standardization and adaptation can be summarized as follows (see table 2.3):

<b>Factors encouraging standardization</b>	<b>Factors encouraging adaptation</b>
Economies of scale	Customers' different needs
Lower R&D costs	Governmental and legislative influences
Lower marketing costs	Different buying behaviour and purchasing power
Consumers' mobility	Importance of domestic branch
Unique global image	Different conditions of use of products

**Table 2.3:** Standardization versus Adaptation (adapted from Scarso, Squadrilli, Lauretti, 2017)

### **2.2.3. Glocalization**

Global and local strategies are not always attainable. Many marketing activities appear to be more successful when considering both global concerns and locally related issues. For this reason, some authors have suggested a third strategy, namely glocal strategy, which has been described through the paradigm “think global act local” (Di Gregorio, 2003). It is characterized by the fact that it has both standardization and adaptation features. Indeed, the glocal strategy provides for the centralisation of the activities that do not require a direct relationship with the customer, such as supply or production, and the decentralization of the activities whose focus is the customer, such as demand analysis or marketing activities. Therefore, the corporate level gives strategic directions while local units focus on customizing customers' needs (Kotler, 2009). Glocalization can be considered as the adaptation of globally marketed products into local markets. To clearly understand this strategy compared to the previous ones, Table 2.4 shows the differences between glocalization, standardization, and adaptation.

STANDARDIZATION	ADAPTATION	GLOCALIZATION
“The tendency toward an international integration of goods, technology, information, labour and capital”	“The process of adapting a product or service to a particular culture, language, developing a local appeal and satisfying local needs”	“The process of providing a global offer while taking into account local related issues”
<ul style="list-style-type: none"> <li>- Undifferentiation and convergence in customer preferences and income across target countries</li> <li>- Taking into account mass demand</li> <li>- Seeking quantity</li> <li>- Cost benefits</li> </ul>	<ul style="list-style-type: none"> <li>- Differentiation in customer preferences and income across target countries</li> <li>- Taking into account specific demand</li> <li>- Seeking quality</li> <li>- High costs of trade</li> </ul>	<ul style="list-style-type: none"> <li>- Use of a global experience/brand name and differentiation of the offer for appealing local markets</li> <li>- Operating between global and local markets</li> <li>- Integrating quantity and quality in products</li> <li>- Lower costs due to the global edge of the company</li> </ul>

**Table 2.4:** The difference between standardization, adaptation and glocalization (Dumitrescu, Vinerean, 2010)

Besides, three main advantages related to the global strategy have been elaborated by Kotler (2009). First of all, undertaking a glocal approach makes the consumers feel that the brand is relevant to them, to their needs and wants. Then, there is a balance between the different levels of marketing activities – the strategic, the tactical and the operative one. Finally, brands gain a greater market share. As a consequence, many global companies have understood the importance of carrying out a strategy that combines both global and local concerns: they have undertaken some tactics, related to the four Ps of the marketing mix, to adapt their global product or service to local needs. For example, the fashion retailer H&M had to change its products in the United States since the US customers are said to be less fashion-conscious than the Europeans. Otherwise, as far as promotion strategy is concerned, McDonald’s had to change its communication campaign in China and replace Ronald McDonald clown, because his face denotes death in the country and it is not a good image for a food campaign (Dumitrescu, Vinerean, 2010).

The examples can be many, and all showing how even globally known brands had to consider the issues related to glocalization. Glocal marketing strategy aims at filling the gap between local culture and the globalization of marketing activities, establishing a connection between global and local. In this way, both markets are taken into account and satisfied with the company's strategic approach.

## **2.4. Conclusion**

In this chapter, the importance of features, needs and tendencies of individual markets has been discussed. When a company decides to approach new markets, it has to consider the several implications related to differences between nations. These differences generate distance, which needs to be filled by international marketers. The first element causing distance is culture. It is made of many elements and it has many features, that determine different ways of acting and thinking, according to the group one belongs to. Regarding its own culture, each country has its way of communicating, which generates different meanings. For this reason, communication styles also need to be taken into account when conducting activities abroad. Yet, culture is not only a set of rules and behaviours that determine a certain way of acting. It is also the set of resources inherited from the past that generates value. This value, called cultural heritage, guarantees a positive reputation, described by the *Made in* label. When a company decides to do business abroad, it can rely upon this element.

Research has given proof of the importance of culture. Edward T. Hall (1960) made a distinction between high and low context cultures to describe the different ways in which countries communicate. In this way, he provided guidelines on how to conduct business in those countries. Geert Hofstede (1980), on the other hand, developed a model based on six dimensions that create diversity between countries - power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long term orientation versus short term orientation and indulgence versus restraint. These elements need to be analysed for each country a company is operating in, to adapt one's behaviour to the counterpart's one. Notwithstanding its importance and influence, it is not just a matter of culture. The CAGE framework, developed by Pankaj Ghemawat (2001), examined the impact of distance between countries across cultural, administrative,

geographic and economic dimensions. By analysing them, the company can choose the best market to start its business or, if the market has already been chosen, to develop the best strategy according to national features.

Once the target markets have been studied, the company has to choose the best strategy to sell the product abroad. It can opt for selling the same product with the same features in all countries, to adapt the product to local needs, or to adopt a common strategic line but still taking into account single local needs. The possibilities to choose between are therefore standardization, adaptation or glocalization.

After having analysed these relevant implications, international product policy can be built. In today's business world, to make it as effective as possible, it is important to consider the possibilities offered by digital technologies. Web marketing and localization strategies are two indispensable elements to make the product competitive abroad. As a result, chapter 3 will be dedicated to a detailed study of these factors, which have demonstrated to be particularly important in international marketing.

## CHAPTER 3

### Digital communication strategies for international markets

#### 3.1. New perspectives in international communication

The focus of marketing communication is not only the product but the company itself and its relationships with the market. This type of communication is a two-way relationship from the business to the market and from the market to the business (Corniani, 2006). International communication plays a key role in defining marketing strategies. It creates a strong and attractive corporate image that allows competing in foreign markets (Bertoli, Valdani, 2006). Marketing activities are less interested in variables such as price and more on other elements such as image, perceived quality, or design: marketing communication is therefore based on the development of brand awareness and specific connotations (Corniani, 2006). In today's business world, where globalisation is in the eye of the storm and Information Communication Technology is widespread, communication channels are mainly digital channels. The opportunities for contacts, exchange and information offered by the Internet have expanded markets and export opportunities. In doing this, a central role is played by companies' web channels and, in particular, by the website and social media channels (Scarso, Squadrilli, Lauretti, 2017). Hence, digitalisation has facilitated the diminishing importance of boundaries across markets since it allows rapid flows of information and communication without barriers. Therefore, from a marketing perspective, the Web has gained a relevant role for many reasons, which can be summarized as follows: it allows the customer to easily find the marketer and vice versa; the initial presence on the medium is easy and inexpensive for the company and is international by definition; the access opportunities are equal for all players (Borthon, Pitt, Watson, 1996). For this reason, nowadays marketing communication takes advantage of the World Wide Web, which represents an extraordinary opportunity for companies to communicate with new and existing markets in an integrated way.

The importance of the Internet has increased with the COVID-19 global pandemic, when the Web has become the only channel for companies to continue their business activities. The Internet penetration rate has grown and continues to grow, as shown in

figure 3.1, which summarizes the statistics for July 2020, published by WeAreSocial.com. The data show that out of a world population of 7.79 billion people, 4.57 uses the Internet, which implies a penetration rate of 59%. The number has grown by 8.2% as compared to the previous year, which is an increase of 346 million people.

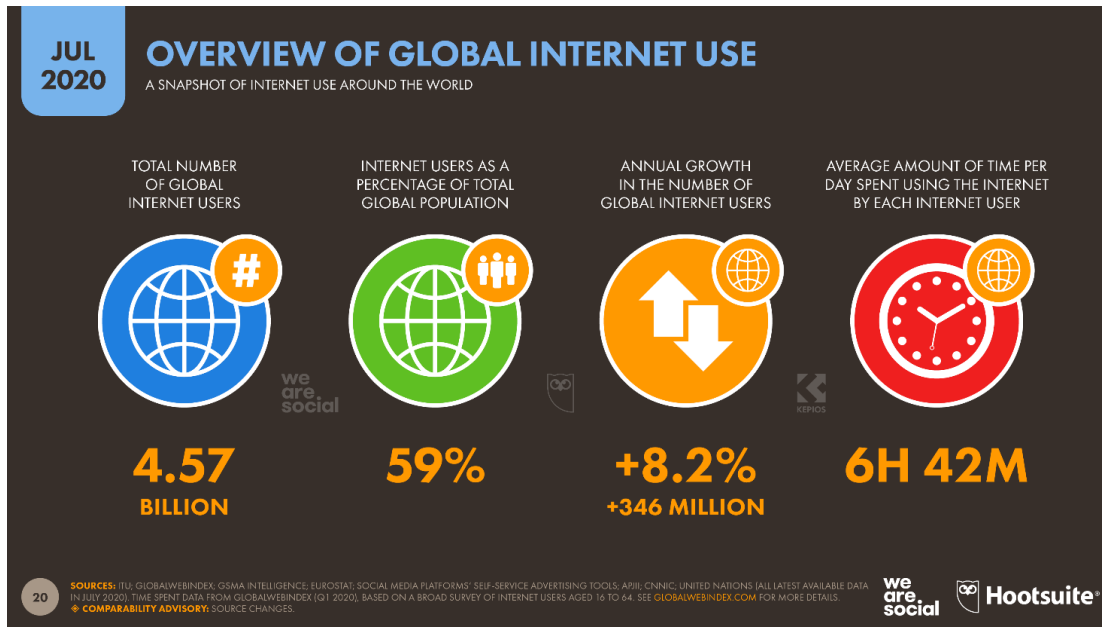


Figure 3.1: An Overview of Global Internet Use (Source: wearesocial.com)

### 3.1.1. Web Marketing for foreign markets

Differently from standard communication channels, the Web has a two-way presence, as it allows the company to talk to customers and develop its image while responding to advertising logic. The opportunities offered by web marketing are basically four. (1) Market penetration through a strategy that includes e-commerce, web advertising and social media, in order to increase sales in existing markets. (2) Market development, as new markets can be explored and accessed via the Internet. (3) Diversification, since Web Marketing helps in choosing markets and defining the offer, thus avoiding the risks related to operating in new markets with new products. (4) Product development: thanks to the Internet, and more specifically to Social Media, the identity of goods has evolved, and customers have started to be involved in the creative and development processes (Carboni, 2016). Clearly, there is not a winning web marketing strategy, but it is possible to follow guidelines to choose the most suitable tools to achieve results. According to



these choices, the communication channels – website, social media, newsletters -, the actions to take, the content to create, the costs and time are selected and studied. As these approaches are addressed to international markets, it is important to take into account cultural and linguistic differences among countries that determine different strategies. For these reasons, web communication must include country-specific social media marketing activities, *ad hoc* materials for communication campaigns, mother tongue copywriters for content editing (Carboni, 2016). Generally speaking, web marketing activities include the implementation of a website and/or Social Media, email marketing, web advertising or private apps. Through these means, the company can be introduced into the market without physically going there and it can build sales networks at lower costs.

The main tools for international web marketing are the company's website and social media channels. The website is the main channel for communicating the company's activity and products, and it is the main reference point for the company. As Carboni (2016: 112) states:

*“The website allows the company to introduce itself, tell its uniqueness and reach a potentially global audience. Basically, it creates a solid base from which developing and growing one's business or project.”<sup>7</sup>*

The features of a website designed for export are the following: interesting and clear contents, consistency with the firm's image and ease of navigation (Scarso, Squadrilli, Lauretti, 2017). To be easily found on the web, the website must have a solid structure, the topics must be divided and the page must be easily navigable from all devices. Before implementing the actual web page, it is important to think about the domain name: it must not stray from the brand image and it has to identify the products or services. This choice may be related to the localization process, which will be examined in the next sections, as it may be necessary for the company to adapt it according to the target market. Alternatively, the company can opt for an international domain name that can be used globally (Carboni, 2016). In the case of the first approach with the foreign market, it is

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<sup>7</sup> This quote is a personal translation from Italian: “Il web – e in primis il proprio sito – ti permette di “esserci”, di presentarti, di raccontare la tua unicità e di raggiungere un pubblico parzialmente globale. In pratica, ti creare una solida base da cui sviluppare e far crescere il tuo business, progetto o qualsiasi passione che ti stia a cuore”.

possible to create a Landing Page<sup>8</sup> localized by country. If such a page generates relevant flows, the company can opt for a structured website. By contrast, if the company is consolidating an already manned market, an *ad hoc* website may be created to present its entire offer. The company's global strategy may therefore opt for the choice between the creation of a landing page or an *ad hoc* website, the creation of a multilingual site or the creation of a multiregional site. The difference between the last two is that a multilingual site is a website that offers content in several languages; a multiregional site, instead, expressly addresses users from different countries, offering specific content for each market (Carboni, 2016). In the case of a winery, which is the subject of our case study, the website should present some features, which can be summarized as follows: a clear homepage, with references to the most important pages that need to be highlighted; the "about us" section, to tell the history of the company; the "vineyards" and "cellar" sections, where the wines and the choices made in the cellar are explained; "products" to present the wines; "contacts" and finally the "how to get there" section, with the GPS coordinates or the map to reach the place (Scarso, 2014).

Social media, on the other hand, allow the company to spread its messages and verify its perceptiveness to strengthen the brand image. Moreover, they allow us to observe trends, know the competitors and have dialogues with users. As a matter of fact, they have become a means for directing communication towards a specific target, helping the development of brand awareness and transmitting the history of the company, its products and their features. Correct use of these channels, together with the website, can allow the company to reach foreign markets reducing the costs related to traditional channels. The key to success on the so-called web 3.0 is not advertising but communication (Carboni, 2016). The company must tell its own story: international markets are fascinated by *Made in Italy* and communicating it through social media allows the firm to attract potential international customers. Moreover, these *new media* are not easy channels for communicating; specific expertise for each platform is required as well as keeping up to date, in order to understand the features and the best way to exploit each social channel to have an effective communication strategy (Carboni, 2016). However, it is important to be careful in the choice of the social media channel and to understand which is the one to

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<sup>8</sup> A Landing Page is a web page that appears as an extension of a previously visited link. It is usually linked to social media or e-mail campaigns.

focus on according to the target market, since not all countries use the same social media channels – this is particularly true for Eastern countries (Scarso, Squadrilli, Lauretti, 2017). In an international web marketing campaign, the company must therefore focus on the choice of the most used social media in the target country and the actions to be taken on that channel (Carboni, 2016). A research carried out by We Are Social (2020) has identified the most used social media channels for each target country. The results show the percentage of the most used channel by users aged 16 to 64 for several countries. Table 3.1 shows the 2020 results for Italy and the United Kingdom, which are similar.

Italy		United Kingdom	
YouTube	88%	YouTube	78%
WhatsApp	83%	Facebook	73%
Facebook	80%	WhatsApp	62%
Instagram	64%	FB Messenger	58%
FB Messenger	57%	Instagram	49%
Twitter	34%	Twitter	45%
LinkedIn	31%	LinkedIn	28%
Pinterest	29%	Pinterest	25%
Skype	26%	Snapachat	25%

**Table 3.1:** Most used social media platforms in Italy and the United Kingdom (Personal adaptation from Digital 2020 – Annual Report, WeAreSocial.com)

Results show that YouTube is the most used channel both in Italy and the United Kingdom, and its importance should therefore not be underestimated. This channel can be used both in B2B and B2C for the creation of contents of its own production or the insertion of advertising within other contents accessible to all users. These videos are often promotional, for the explanation of product features, or informative: the company can tell its own story in an immediate and captivating way. Once the video has been published, it still has to be sponsored through the other social channels of the company. In the case of an international web marketing strategy, the creation of a YouTube channel dedicated to each market can be effective to create its own communication campaign (Carboni, 2016). In addition to the most popular social media channels, there are other channels specifically designed for wine. Among these, one of the most widespread is

Vinix, an Italian-born social network dedicated to wine and food. Users are divided into categories: wineries, wine shops, consumers, restaurants, bloggers, journalists. This channel works as a sort of blog, where users can upload photos, reviews or posts. Over the years, initiatives have been organized, such as Vinix Live!, an event in which some producers organize themselves with a series of tastings of their products and they offer advantageous prices for consumers who participate (Scarso, 2014).

In conclusion, the activities to carry out when conducting an international web marketing campaign change according to the company’s aim and have been summarized by Carboni (2016) in the following way:

<b>AIM</b>	<b>WEB MARKETING STRATEGY</b>
<b>Search for business partners</b>	<ul style="list-style-type: none"> <li>- Website translated into the languages of the chosen markets</li> <li>- Landing Page localized by market</li> </ul>
<b>Regular activities in foreign markets</b>	<ul style="list-style-type: none"> <li>- Localized website according to the market</li> <li>- Communication through Social Media</li> <li>- Attention paid to images, videos, etc.</li> <li>- Web advertising campaigns</li> </ul>
<b>Foreign market consolidation</b>	<ul style="list-style-type: none"> <li>- Localized website</li> <li>- Localized images, video, design</li> <li>- Implementation of brochure or product sheets created for individual markets</li> <li>- Web Advertising campaigns</li> </ul>
<b>Loss of “foreign company” status</b>	<ul style="list-style-type: none"> <li>- Website for users from different countries, localized if necessary</li> <li>- Localized Landing Pages for specific actions in the market</li> <li>- Web Advertising activities diversified by target within the same country.</li> </ul>

**Table 3.2:** Guidelines for International Web Marketing (Carboni, 2016)

As mentioned above, an effective international web marketing strategy requires localization. Global markets differ and customers have different needs, that have an impact on navigation behaviour. For this reason, companies need to consider the importance of localization, that will be deeply described in the following sections, after having understood the impact of culture on consumers’ navigation tendencies.

### **3.1.2. The impact of culture on website navigation behaviour**

The Internet allows users worldwide to access information, regardless of their country of origin. However, research has demonstrated that the decision of whether to standardize or adapt one's website is necessary for a company that wants to reach foreign markets online. Kralisch et al. (2005) conducted a research on the impact of users' cultural background on their navigation behaviour to assess whether localization strategies need to be undertaken to make websites accessible worldwide. Specifically, data were collected to investigate how cultural dimensions, like those proposed by Hofstede and Hall, lead to variations on users' navigation behaviour on a given website. Kralisch et al. (2005) took data from a large international website available in four languages – English, German, Spanish, and Portuguese – with the same interface design. The website was accessed by users from 187 countries. They focused their attention on long-term orientation, uncertainty avoidance and monochronism versus polychronism. Results have shown that:

- 1) Members of short-term oriented cultures spend less time on visited pages than members of long-term oriented cultures. They give particular importance to the achievement of their navigational goals as fast as possible, as opposed to their counterparts that pay attention to details.
- 2) Members of high uncertainty avoidance cultures collect more information on websites than members of low uncertainty avoidance cultures. They explore all available options to minimize unknown situations.
- 3) Members of monochronic cultures navigate in a more linear way than members of polychronic cultures, that move forward and backward and access repeatedly to the same web pages.

These results provide recommendations for website structure and information presentation. Kralisch et al. (2005) divided the groups into group 1, - with people from monochronic, high UA and STO cultures - and Group 2 – polychronic, low UA, and LTO. Group 1 requires information placed in linear order, links emphasizing hierarchical structure, restricted information offer and minimised design to quickly access information; group 2 requires cross-referencing links, extensive exploration possibilities and sophisticated design that ignores time aspects. Therefore, this study has shown how cultural dimensions have an impact on navigation behaviour and cannot be underestimated. For this reason, when implementing a multinational website, attention should be paid to localization.

### **3.2. Adaptation of websites to local culture**

The development of the World Wide Web has revolutionized human communication and business strategies. Gaining access to new forms of business has also meant adapting the company's actions to consumers with different backgrounds since users look for information in their native language. Therefore, localization has flourished. It has been described by the Localization Industry Standards Association as (LISA, 2007: 11) :

*Localization is the process of modifying products or services to account for differences in distinct markets [...].*

In this field, the term *locale* is used to refer to the user's language, country and other preferences. Localizing a product means adapting the linguistic and cultural specifics of content to a given locale. Indeed, it includes adapting content to the local conventions related to date and time formats, currencies, numbers, language, colours coding, writing systems (Sandrini, 2008).

In industrial settings, localization exists as part of the GILT process, which stands for Globalization, Internationalization, Localization, and Translation. Research has created this acronym to refer to the activities that companies need to undertake when they expand beyond national borders. This process requires companies to go beyond mere translation, demanding an adaptation of business structures to prepare for localization from the early stages of product development. Therefore, in the first stage, namely globalization, the adaptation to technical, financial, managerial demand is required. Then, the internationalization process consists of abstracting the functionality of a product away from any particular language: in this way, problems will be avoided when the product is localized. The next step is the actual localization process, which deals with preparing, managing and testing the websites. The translation is separated and considered as the last stage of the whole process (Jiménez-Crespo, 2013). With the growth of digital technologies, web localization has gained particular importance for some reason. First of all, a website is visible to people across cultures; then, links and search options depend on the users and their actions of browsing the web; finally, culturally adapted websites are better perceived by users (Cermak, Smutny, 2018). For these reasons, websites

templates tend to be adapted to different cultures. The web localization process involves a series of steps, which have been summarized by Jiménez-Crespo (2013) as follows:

- 1) Initial project preparation
- 2) Adaptation by localization specialists and translators
- 3) Quality Assurance (QA) integration.

In this process, a series of activities have to be carried out to successfully adapt a product to the locale. Hence, culture has a key role in defining differences among different types of websites. Fernández Costales (2009) identified the main elements that need to be taken into account to understand how this process works: some examples concern text, colours, images, date formats and calendar, currency, legal issues and size of menus or boxes. As for texts, languages such as Chinese and Arabic have gained importance on the Web in the last decades. For this reason, directionality has to be considered in the setting up of websites in those languages that are written from right to left, or attention to ideographs must be paid. Colours need to be adapted too since each society attaches specific symbolic values to colours: white is a funerary colour in China, green is sacred in many Arab countries; white represents pureness and clarity in Western Europe, whereas green is the colour of nature and fertility (De Bortoli, Maroto, 2001). The use of images may constitute a risk when adapting to a different locale. For this reason, attention must be paid to issues such as the use of animals – cows are sacred in India – or even bitmaps in computer programs: for example, Western conventions such as the mailbox indicating an e-mail are not used in all countries. Date formats and calendars are other important issues, since Chinese or Muslims use a different calendar, thus making it necessary to adapt the Gregorian calendar to the locally used one. Date, instead, is expressed in a different format across countries (*mm-dd-yyyy* or *dd-mm-yyyy*) so particular attention must be paid to this. When localizing a website, legal issues should not be underestimated, since possible legal restrictions could be found. For instance, a law in France establishes that commercial contracts have to be translated into French. Finally, space restrictions must be born in mind: some languages are longer than others hence the Graphic User Interface may need to be resized when localized into another language. For example, when English is the source text, the target text will be about 20% longer than the original, since English usually has shorter words than other languages.

Some of the factors that should be considered when repurposing content in another country can be summarized as follows:

<i>Date order</i>	DD/MM/YY or MM/DD/YY
<i>Numbers</i>	1.000 or 1,000 (English-speaking countries)
<i>Characters</i>	Latin numbers may not make sense for every nation; the Greek symbol “;” corresponds to the English “?”
<i>Examples</i>	Renault in France but BMW in Germany. Juventus in Italy but Barcelona in Spain.
<i>Layout</i>	Some countries screen from left to right, others from right to left and from
<i>Measures</i>	Clothes sizes, paper sizes, imperial measures need to be converted.

**Table 3.3:** Some of the factors to consider in website localization (Gibb, Matthaikakis, 2006)

However, the emphasis on adaptation should not focus only on these elements. Indeed, the role of culture in web localization has been studied from other perspectives. Singh and Pereira (2005) have focused on Hofstede’s dimensions to research the influence of culture on localization from a marketing perspective. Their research has shown that countries ranking high in collectivism require website enhancing community relations, chats, or family themes; by contrast, countries ranking high in individualism pay attention to the personalization of websites and the presence of privacy policies. In countries ranking high in uncertainty avoidance, customer service and guided navigation may be necessary. Using these dimensions allowed the two scholars to quantify the degree to which websites need to be adapted in localization. This study allowed them to identify five “localization levels” to classify websites, which can be described as follows (see table 3.4):



<b>Localization Level</b>	<b>Type of website</b>
Standardized websites	The company offers a site in one language for all markets
Semi-localized websites	The only specific content is a contact page in the target language with information about local branches and contacts
Localized websites	Most content and pages are localized but the original functionalities are not
Extensively localized websites	Total localization with all content fully adapted to the target
Culturally adapted websites	Total immersion in the target culture with full adaptation

**Table 3.4:** Degrees of adaptation in web localization (Personal adaptation from Singh and Pereira, 2005)

In conclusion, companies must undertake web localization processes if they aim at reaching international markets successfully. When conducting an international marketing campaign, cultural adaptation cannot be underrated since it allows to respond to local needs and habits. As for this research, cultural issues related to web localization in Great Britain will be explored in the next section.

### **3.2.1. Website Localization for the British market**

The United Kingdom is the world's fifth-largest market for online sales (UNCTAD, 2019), with a 95% share of individuals using the Internet. English is one of the most widely spoken languages in the world and the most widely used on the Internet and information technology, which has facilitated the country's online expansion. Nevertheless, the need for adapting online content for the UK market should not be underestimated. Understanding the specific nuances of culture is the key to reach successful international expansion.

An important issue to bear in mind when localizing for the UK market concerns language. British English is different from American English, and particular attention must be paid to these differences.

<i>BRITISH ENGLISH</i>	<i>AMERICAN ENGLISH</i>
- ise ( <i>localise</i> )	- ize
- isation ( <i>localisation</i> )	- ization
- yse ( <i>analyse</i> )	- yze
- ogue ( <i>catalogue</i> )	- og
- re ( <i>centre</i> )	- er
- our ( <i>favourite</i> )	- or
- ll ( <i>travelling</i> )	- l
- mme ( <i>programme</i> )	- m

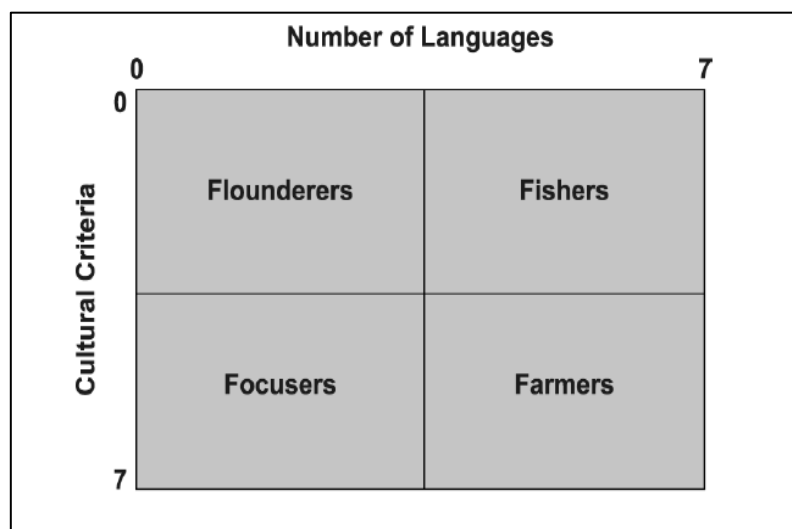
**Table 3.5:** Spelling differences between British and American English (Personal adaptation from Safar, 2014)

Differences between the two variants not only concern spelling but also vocabulary, grammar, and style. For example, the American English style is more direct, explicit and egalitarian than British English; it may also contain interjections that should be aligned with the British equivalents. Differences can also be found in date formats: in the UK, the formula is DD/MM/YYYY, whereas the US market uses MM/DD/YYYY (Safar, 2014). However, language is not the only aspect that needs to be localized. When using examples related to everyday life, attention must be paid to elements that may seem irrelevant. Numbers in the UK are separated by a comma, so 1,000 will be used instead of 1.000. In the process of adapting a website for the British market, particular attention must be paid to the differences between the UK and the US in currencies; indeed, the monetary system must be adapted. The UK official currency is the pound sterling, whereas the American is the dollar. The pricing model is different, too: in the United Kingdom, the price includes taxes – called VAT –, while in the United States it does not. In the case of the clothing industry, sizes must be considered. Great Britain has different sizes from other countries for both clothes and shoes: when selling these goods, these aspects must be localized too.

### **3.2.2. Assessing website localization**

Research has developed different frameworks to assess the level of localization on websites. Here, we focus on Gibb and Matthaikis' (2006) framework. Their research involved the selection of enterprises with a web presence, followed by the verification of

whether they provided multilingual support or not. Then, the process of scoring the websites was carried out: a score of 0-7 was given to languages other than the company's official languages in which the site had been translated. In this way, it was possible to identify the number of communities that were being addressed. In the non-language dimension, a score of 0-7 was given depending on the number of additional criteria shown in each site. These criteria for non-language cultural adaptation were: layout and menu change, colour changes, changes in icons (e.g. mailbox, waste bin), changes in images, currency adaptation, measurement adaptation and date/time conventions. Once these features had been identified, the websites were mapped onto a two-dimensional business analysis matrix: one dimension represented the number of languages used and the other the seven criteria above mentioned. According to these dimensions, websites were evaluated in terms of the breadth of their localization, in the first case, and the depth of localization, in the second case. The two dimensions allowed the creation of four areas to refer to for categorizing websites according to their level of localization: flounderers, fishers, focusers and farmers (see Figure 3.2). Companies that have made no or limited attempts to localize their sites are referred to as Flounderers; companies that have made some attempts to translate their sites into other languages are Fishers; companies that have concentrated on a small number of languages and developed their content with additional localization features are referred to as Focusers; companies that have addressed to large-scale localization activities, focusing on both large number of languages and many non-language criteria, are called Farmers.



**Figure 3.2:** The evaluation matrix for website localization (Gibb, Matthaiakis, 2006)

This framework was applied by Gibb and Matthaiakis in the Greek exporting sector, where it was found to be easy to apply and use. However, it can be applied to any country to assess the level of website localization and decide whether to invest or not in this process.

### **3.3. An overview of Italy's digital export trends**

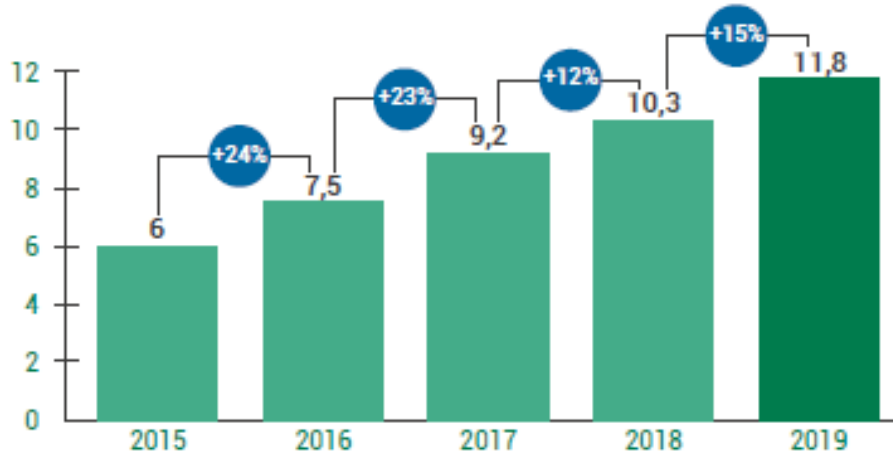
The most widespread online sales tools in Italy are *online retailers*, from which most of the abroad sales come (Giuffrida, Tajoli, 2017). Online retailers are companies that distribute goods to consumers through e-commerce sites, as well as through physical stores. The second most common online sales tools in Italy are *marketplaces*, that are multi-brand platforms that do not own goods but are intermediaries who sell them (i.e. eBay and Amazon). Finally, there are *private sales sites*, namely flash sales, that are sites proposing a selection of the offer of well-known producers or brands and proposing sales campaigns for few days at discounted prices (Giuffrida, Tajoli, 2017).

The Italian institute for foreign trade (ICE, 2020) has made an in-depth analysis of Italy's B2C digital export, which reveals that this activity is still not widely developed. Figure 3.3 (see below), which displays the Italian Osservatorio Export Digitale<sup>9</sup> 2019 data, shows that digital export represents only 7% of the total Italian export for consumer goods and only 2.5% if all types of goods are considered. Digital export of products destined for end consumers reached a value of 11.8 billion euros, which means a growth of 15% as compared to the previous year. The most important industry is textile and clothing industry, which represents 66% of the total Italian digital export. Then, the food industry (11%) and the furniture industry (8%). All other sectors, such as electronic, cosmetic, chemical industries, etc., have a marginal weight. These data show that the Italian export of goods still has a traditional connotation, which means that it takes place through physical channels and it is often intermediated by importers or distributors. Online sales channels have grown in recent years, but they have still not gained a significant position in general export trends. 2020 global pandemic has played a relevant

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<sup>9</sup> The Osservatorio Export Digitale of the Polytechnic University of Milan is a research centre that carries out research, analysis, communication and networking activities on the main areas of Digital Innovation.

role in the growth of digital export (+20%) and this positive trend should not be abandoned (We Are Social, 2020).



**Figure 3.3:** The growth rate of Italian B2C digital export in billions of euros (Osservatorio Export Digitale – School of Management, Politecnico di Milano)

However, in a highly competitive international environment, the adoption of e-commerce as sales channel abroad can be a winning choice, as nowadays consumers are prone to using digital technologies. In this way, Italian exports may grow remarkably.

### 3.4. Conclusion

This chapter has discussed the importance of the Internet and technology in general in international marketing strategies. The Internet has facilitated contacts and information flows across countries, thus expanding export opportunities for companies that aim at being globally widespread. On the other hand, it has helped customers to access information and keep direct contact with companies, but also to be involved in the creative process of products. Web marketing activities include several strategies; this chapter has examined the two that are considered essential to reach international markets: the website and social media. These channels need to be adapted according to the company's purpose and to the target country, as each country has its own rules and culture-related features. As a matter of fact, the study conducted by Kralisch et al. (2005) has outlined how navigation behaviour changes according to the users' cultural background. The degree of

uncertainty avoidance, long-term orientation, and monochronism have been demonstrated to influence the way websites should be structured and information should be organized.

As a consequence, website localization must be taken into account when implementing a website. The adaptation of contents, structure, and language for each target country is described by this process, which has been demonstrated to be particularly relevant for reaching success in communication. The elements that should be considered when localizing a website - such as numbers, dates, or layouts - have been described in this chapter, with particular reference to the rules for the United Kingdom. Indeed, even though it seems to be an irrelevant market, it does have features that need to be localized. Then, the level of localization of a website can be assessed in different ways. This chapter has focused on Gibb and Matthaikakis' framework (2006), which identifies some criteria for evaluating the need or not to conduct localization activities.

After having retraced the importance of the Internet in today's business world, an overview of Italian digital export trends has been presented to see the habits of Italian companies. The 2018 research by the Italian institute for foreign trade has found that online activities do exist in Italy but they are still not spread as they should. The most active industry online is the textile and clothing one, mainly for B2C trade. However, national trends show that only half of the Italian export activities are conducted online: Italy still makes extensive use of traditional channels. In a world where consumers are increasingly prone to use technologies and increasingly active online, the adoption of online sales channels may represent a successful strategy in international markets, and companies should take advantage of this opportunity.

In conclusion, after a careful analysis of international marketing and its intrinsic characteristics, but also of the importance of digital technologies in reaching foreign markets, it has been possible to create a broad background on our case study. The analysis will now move to its core part, namely the study of the international marketing activities of an Italian winery operating in several foreign markets.

## CHAPTER 4

### An analysis of Citra Winery

The previous chapters have analysed the dynamics of international marketing, its features, and the factors that influence this activity. The methods for entering foreign markets and the positioning and promotion activities of products and services have been examined. In addition, particular attention has been paid to the analysis of the differences between countries that determine different marketing strategies. The research has also highlighted the importance of digital marketing tools and, in particular, of localization in order to be successful in distant markets while achieving economies of scale.

In this chapter, these premises are put into practice through the analysis of the international marketing strategies of Citra Vini, a winery in the central Italian region of Abruzzo. The methodology can be divided into three moments: at first, an interview with the company's export manager has been carried out; it allowed us to understand the company's relationship with the United Kingdom, the sales methods, and the choices made in this market to sell wines. Then, the website localization strategies have been evaluated: the company's website has been studied according to Gibb and Matthaiakis' framework to assess whether an effort for adapting the website according to the target country has been made or not. Finally, the results that emerged have been discussed. The following sections will examine these stages.



**Figure 4.1:** A view of Citra winery ([virtuquotidiane.it](http://virtuquotidiane.it))

#### 4.1. Citra Vini: history and features

Citra Vini is a winery located in Ortona, Abruzzo, in the heart of Italy. The winery represents the largest cluster of winemakers in the region, with an overall bottling capacity of 20,000 bottles per hour. Its history dates back to 1973 when it was founded to gather the most important grape varieties within the province of Chieti, the second Italian province for quantities in the harvesting of grapes. It is made of nine winegrowers associations, all located in the same province, whose flagships are Montepulciano d'Abruzzo and Trebbiano d'Abruzzo. The name of the company itself represents the link with the territory since it indicates the ancient name of one of the two principalities in which Abruzzo was divided in the 18<sup>th</sup> century, the one corresponding to the current area of the province of Chieti.



**Figure 4.2:** Vino Rosso Montepulciano d'Abruzzo DOP Niro (citra.it)



The company gathers together 6000 hectares of vineyards throughout the province, located between the mountains and the sea. In this way, it can exploit different territories and microclimates, which allow the grapes to acquire distinct aromatic characteristics. The territory in which the vineyards are located extends for about 90 km along the coast and 40 km from the sea, in the inland. The native grape varieties range from the most famous Montepulciano and Trebbiano to Pecorino d'Abruzzo, Passerina, and Cococciola.

Citra's wine cellar is among the biggest ones of central-southern Italy for extension and capacity and consists of various rooms:

- The assemblage room for blending, where the best grape harvests are chosen and assembled.
- The filtration room, where the clarification of blended wine is made.
- The cooling room, dedicated to the refrigeration and filtration stage, but also the refermentation of sparkling wines, thanks to the use of autoclaves.
- The storage of samples, where the storage of four bottles per batch is made.
- The bottling room, that allows the creation of two lines of production: 12,000 and 8,000 bottles per hour.
- The microfiltration room, where the wine is passes through a series of filters for protecting its quality.

These stages guarantee the quality of the entire production cycle, which is attested by the certifications that Citra obtained: ISO22000, ISO9001:2008, BRC, and IFS certifications<sup>10</sup>. Indeed, only the best part of the grapes is sent to production in the plant, where about 18,000 bottles per hour are produced. In parallel, the company exhibits its environmental commitment through the use of sustainable energy for its activities. Through the activation of a photovoltaic system in 2011, the company has obtained the ISO environmental certification.

The international nature of the company ensures that its production and sales are addressed to markets all over the world, reaching about fifty countries, as figure 4.3 shows (below). As a matter of fact, it is one of the main companies in the Abruzzo region for export activities, which represent 65% of the whole turnover, as it is present both at retailers and in the catering industry.

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<sup>10</sup> These standards deal with food safety, customer satisfaction, and quality standards important for relations with international marketing partners.

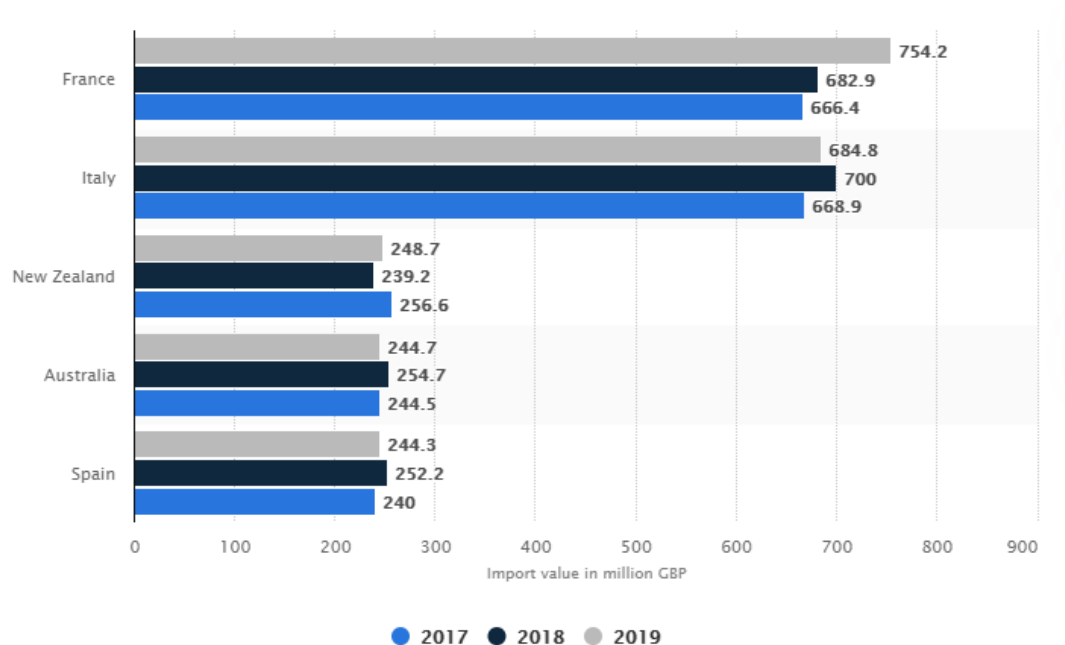


**Figure 4.3:** Map of world countries where the company trades (Source: citra.it)

As far as its online presence is concerned, Citra works on several channels. The website, available in different languages, is the main source of information for the company’s activities. However, Facebook, Instagram, Twitter, and YouTube channels have been implemented and are particularly active and updated, even though they are addressed to the Italian market.

#### **4.1.1. Guidelines for wine export in the United Kingdom**

When a company decides to export its products, it must take into account a number of rules and limitations applied in the target country. This also applies to the United Kingdom, where the consumption of wine per capita is about 9.4 litres. The country imports 14 million quintals of wine per year – of which 3 million are Italian wines – which makes it the top wine importer in Europe (ICE, 2019). Italy is one of the top countries of origin for wines imported into the United Kingdom, as it is possible to see in figure 4.4 (below). Competition is very high since, in 2019, Italy was overtaken by France for wine imports from the UK; however, it still had a value of 648.8 million pounds, compared to 248.7 million of New Zealand, which is in third place. Looking at Italian wine exports, the UK is ranked third, despite a 6.8% drop in sales in 2019 as compared to 2018 (see table 4.1).



**Figure 4.4:** UK wine imports: leading five countries of origin. Data from 2017 to 2019 expressed in million GBP (Source: www.statista.com)

	2018	2019	% change
<b>USA</b>	1,462,819	1,540,676	5.3
<b>Germany</b>	1,037,607	1,064,104	2.6
<b>United Kingdom</b>	827,463	770,951	-6.8
<b>Switzerland</b>	376,793	381,559	1.3
<b>Canada</b>	333,776	341,994	2.5

**Table 4.1:** Italy 2018-2019 wine exports in euros (Source: ISTAT)

The British market is very competitive, and the offer is wide: given the limited local production, Great Britain imports wines from all over the world. The success of *Made in Italy* has increased thanks to the success of Italian cuisine, which has helped the wine market, too. A survey conducted by the WSTA (Wine & Spirit Trade Association) indicates that wine is the preferred drink of 60% of British people, which means that 30 million Britons are regular wine consumers (ITA, 2018). The population prefers white wines, which account for 48% of sales, followed by red wines (42%) and then rosés (10%). Two economic operators import wine from Italy: companies that handle typical Italian products and companies that handle wines from several countries. The first group

is mainly composed of Italian entrepreneurs, the second is composed of English companies that supply wines to Large Retailers. The latter is characterized by the so-called “Big Four” – namely Tesco, Sainsbury’s, Asda, and WM Morrison – which represent 77% of the food distribution market. According to statistics, 95% of consumers would buy wine from Large Retailers (ITA, 2018).

The UK has left the European Union and after some years of transition, the exit will be effective from 1 January 2021 and it should involve regulations for the wine trade too. Rules should apply to the quality standards of wines and their labelling, record keeping, licenses for winemakers and retailers, and the necessary documentation for moving wines. Nevertheless, despite Brexit, the UK at present follows the EU laws about wine production, distribution and sale. To ensure quality and safety, there are some quality standards that winemakers and exporters need to follow by law, and they cover areas such as minimum and maximum alcoholic strengths, acidity, sterility, iron contents, wine blends, and so forth. For entering the United Kingdom, wines need to have certificates of quality and safety status. As for labelling, the bottle label must be written in English and must include the following information: the country of origin, the relevant expression for wines with Protected Designation of Origin or Protected Geographical Indication, the type of wine category, the nominal volume, the alcoholic strength. Allergen information must appear in the container, but it can be in a different field of vision ([www.food.gov.uk](http://www.food.gov.uk)). Besides, record keeping must be conducted to show vinification procedures are legal. In all cases, there are penalties for non-compliance with wine laws.

Rules also concern the transportation of wines into the UK, since British importers are responsible for ensuring wine has the correct documentation. Besides, the country applies an excise duty<sup>11</sup> to alcoholic products, which must be paid when the product enters the British territory. If the company sells to importers, they have an excise identification number and they are in charge of proceeding to payment. If the sale is addressed to private parties, the exporter must pay the tax (ICE, 2019). Therefore, assuming that a bottle of wine before being exported costs 5 euros, the costs of a bottle travelling from Italy to the United Kingdom may be the following (see figure 4.5):

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<sup>11</sup> An excise duty is a tax charged by a government on services and goods sold inside its country.



**Figure 4.5:** The price of a bottle of wine exported in the UK (self-adaptation from ITA, 2018)

## 4.2. The interview

The first part of the investigation on the international marketing strategy of Citra Vini was the interview with the export manager, Andrea Bortone, held on 3 August 2020. It took place in the headquarters located in Ortona, in the province of Chieti, Abruzzo, Italy. The interview was held in Italian and there were 10 questions: most of them were related to the company's trade in the United Kingdom, and three of them were related to Brexit, Covid-19 effects and future possible consequences of these phenomena. The meeting has clarified the strategies adopted in the British market and, more generally, in all foreign markets in which the company operates. Indeed, the analysis investigated issues such as distribution and communication choices, sales strategies, the influence of the country of origin and the consequences of recent events such as Brexit and Covid-19, as well as future perspectives in light of these events. Thanks to this discussion, it was possible to draw general conclusions about Citra's international marketing strategies in the United Kingdom.

#### **4.2.1. The reasons for internationalization**

First of all, the analysis that has been conducted has examined the motivations that lead to internationalization. Indeed, Citra reaches about 50 countries all over the world. The reason that drives the company to expand is the desire to enlarge its potential market. As a matter of fact, global wine production is about 200 million hectolitres per year. Italy is one of the three countries that produce the largest quantities of wine, with about 50 hectolitres per year; it is a mature market, where consumption has dropped. For this reason, Citra has decided to internationalize and reach as many markets as possible. This has been possible thanks to the fact that the “brand” Italy is strong worldwide, enough to make it possible to sell a product just because it is Italian.

#### **4.2.2. Wine distribution and communication in the United Kingdom**

In the British market, most of the sales volume is made through private labels, namely those brands owned by third parties for which Citra produces wines. For instance, *Casal Thaulero* is one of the retailers for which the company produces wines for the UK market. For this reason, communication and marketing activities are not conducted by the company, whose activity is exclusively commercial. Citra is addressed to Large Retailers, which sells its products. The company relies on an agent, namely the sales representative, who is responsible for promoting sales on behalf of the company for compensation. The agent acts as a direct contact with large chains, among which Citra’s first customer is Tesco. Moreover, there is a representative in London who monitors the market: the UK is a very important market, where a lot of wine is sold and the “brand” Italy is extremely strong.

Conversely, the Citra-branded products are distributed through importers, who buy wines from the company and sell them in their market. Sales of these wines are destined for restaurants and wine shops. These figures are also entrusted with communication activities and, therefore, conduct marketing activities. Nevertheless, the sales volumes of these wines represent only a small part of the total sales of the company in the United Kingdom.

### 4.2.3. The choice between standardization and adaptation

With regard to product sales strategies, Citra chooses both standardization and adaptation according to the target market. In the UK, as in most other European markets, the choice is standardization, as it ensures greater production efficiency and higher sales volumes. The company aims at creating a global brand which can be recognizable worldwide, in order to become strong everywhere. As a consequence, labels are standardized, too, and they comply with EU regulations, as figure 4.6 (below) shows. These labels, in addition to the indications for origin, type of wine and its features, must also indicate the allergens of the product.

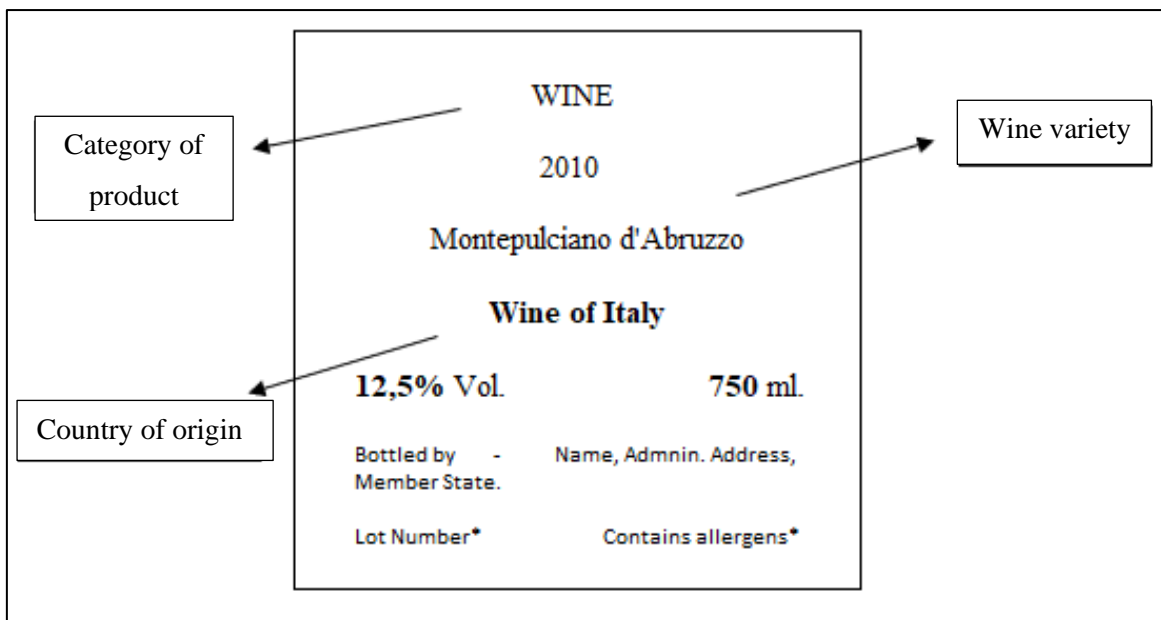
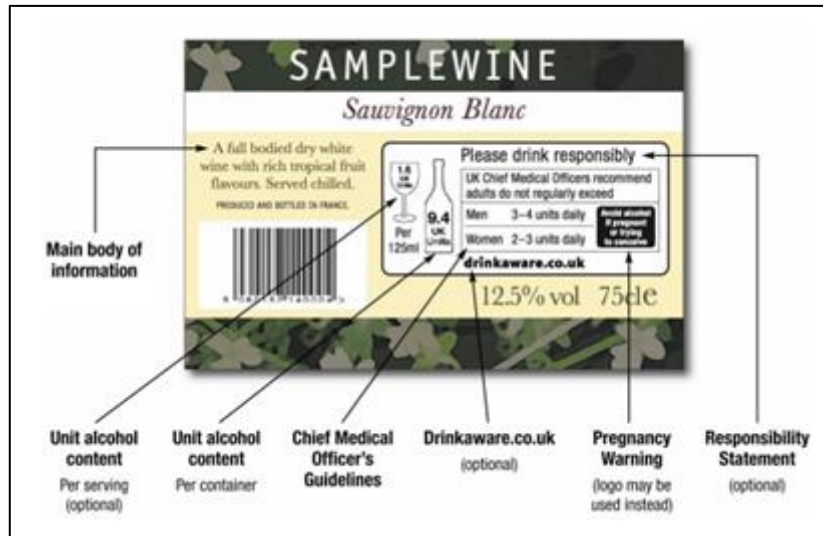


Figure 4.6: European norms for labelling (ITA, 2017)

Conversely, labels of wine sold through British Large Retailers have other labelling rules to follow, as shown in figure 4.7 (below).



**Figure 4.7:** Labels for wines destined for Large Retailers (ITA, 2017)

However, the choice of standardizing is not adopted in all markets. In countries such as China or Russia, adaptation is chosen: labels are translated into the target language, and wine is often modified to suit consumers' tastes. For instance, wines destined for the Chinese market contain different liquids and the alcohol content is higher since this market, which is less mature, has different needs and preferences. Packaging can change, too: in Russia, the bottle needs to be heavy; for this reason, it is trunk or cone-shaped. In Scandinavian countries, where great attention is paid to ecological issues, bottles are very lightweight. However, generally speaking, in all other countries Citra attempts to standardize, in order to create a universally recognizable brand.

#### **4.2.4. The target country**

Knowing the target market and the aspects related to language, customs and habits is fundamental for a successful strategy. In the case of the British market, the relationship with the importer is the key to success. It helps the company to get information about the local market and to satisfy its tastes and needs. Moreover, it helps in negotiations, since it knows the market and how business is understood: in this way, a successful strategy can be built. In some cases, the presence of a person within the company who lives in the target market can help to better know the trend, as in the case of the Canadian market of Citra – where they have a representative.



#### **4.2.5. Online and offline sales**

As mentioned above, there are two types of “offline” sales in the United Kingdom: those of Large Retailers, for the vast majority of sales, and those of restaurants and wine shops, for smaller volumes. As far as online sales are concerned, instead, the situation is in progress. Citra has an online shop that is only accessible from Italy since in the UK the importer has exclusive rights on the brand. This data confirms the national trend for which online trade activities of Italian companies still represent a very low percentage as compared to traditional trade channels. However, different future scenarios are not excluded; for this reason, the company’s website is translated into four languages and it addresses both consumers and business.

#### **4.2.6. Communication and sales strategies**

Sales in the United Kingdom are entrusted to importers, that also deal with marketing activities. For this reason, communication activities are not carried out by Citra. As for sales, the company takes part in several wine competitions, such as Decanter, the world’s largest and most influential one, which takes place every year in London. Judged by the top wine experts from around the globe, wines win awards which are represented by a stamp. This stamp can be included in labels and gives prestige in consumers’ eyes, especially in the British, who give it considerable importance. Therefore, winning these awards can be a winning strategy to reach the British consumer.

#### **4.2.7. *Made in Italy* label**

As mentioned earlier, the so-called “brand” Italy is extremely strong. Together with France, Italy represents the *old world* of wine, hence the mere fact that a bottle of wine is Italian has great charm for the consumer. The cuisine, then, is the driving force behind the success of the wine. In the case of Citra, too, the *Made in Italy* label helps to sell the products everywhere.

#### **4.2.8. The consequences of Brexit**

The phenomenon of Brexit has been discussed for several years and it still arouses interest in the wine export market to the United Kingdom. At present, there have been no changes due to Brexit. However, the situation is unclear. There have been times when

duties were said to be imposed, thus generating a peak of sales volumes for Citra. Indeed, customers wanted to secure wine at a good price and there were a great number of stocks. These duties, though, were never imposed and the situation is now still in progress.

#### **4.2.9. The consequences of Covid-19**

The coronavirus pandemic has affected all sectors, including wine. On the one hand, there was a strong crisis in the catering sector, where turnover was 0. On the other hand, commerce was stable and in March and April Large Retailers, rather, obtained positive results. Sales continued for Citra, too. Sparkling wines suffered a crisis since they are linked to events and they were obviously not consumed, but all other wines continued to be sold.

However, a large part of sales volumes remained unsold and this has created problems. In recent years, there have been very large vintages that have determined large volumes at low prices. In January 2020, the stock was very high, with 50 million hectolitres of wine available. With the lack of sales during the lockdown, there has been great concern about how to dispose of them, because a rich harvest is expected for 2020. It is therefore uncertain what will happen to prices. Perhaps there will be a crisis for small companies. The future after Covid-19 is still uncertain, but there is no doubt that there have been and there will be damages.

#### **4.2.10. Future perspectives for Citra**

Citra takes part in all wine fairs, which represent a very important moment to meet both consumers and business partners and make contacts. Vinitaly in Verona, Tuttowine in Milan, World Bulk Wine in Amsterdam, and Prowein in Düsseldorf are some of them. Because of Covid-19, many fairs have been cancelled and their future is uncertain. Although in some cases a rescheduling has been planned for the autumn, nothing is certain. In any case, the system needs to be reviewed, given the large turnout that will have to be smaller. In the meantime, Citra has continued with online activities, participating in video conferences, online tasting – through the delivery of samples – and small meetings with buyers, and it is willing to continue to do so if necessary. Of course, it is not the same as live meetings.

### **4.3. Assessment of the level of localization of Citra website**

As explained earlier, researchers Gibb and Matthaiakis (2006) have proposed a framework for assessing the level of localization of websites. This framework has been applied to Citra's website to analyse whether the company has attempted to adapt not only linguistic content but also non-linguistic content to different target communities.

For the purpose of this research, the website has been evaluated in terms of the breadth of localization and the depth of localization. The first dimension indicates the number of non-Italian speaking communities that are considered by the website, the second dimension indicates the range of localization features that have been incorporated on the website, namely non-language criteria. These criteria can be summarized as follows: layout and menu change, colour changes, changes in icons (e.g. mailbox, waste bin, etc.), changes in images, currency adaptation (including conventions for representing numerals), measurement adaptation, and date/time conventions. The above evaluation criteria allowed categorising the attempts that have been made to change and adapt the native website to different communities. This evaluation was made through the scoring of the website: in the language dimension a score of  $0-n$  was given to indicate the number of languages into which the site had been translated; in the non-language dimension a score of  $0-7$  was given depending on the number of additional criteria represented in each site. Once these criteria had been scored, they were mapped onto an evaluation matrix to analyse whether there was clear evidence of the intent to localise.

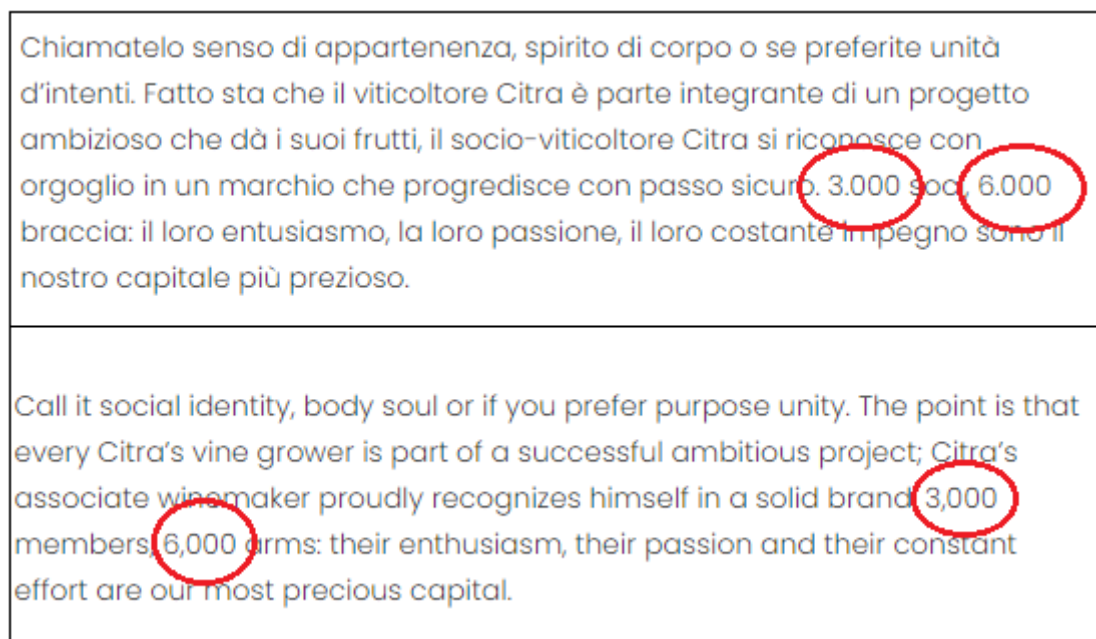
The following template (table 4.2) has been developed to sum up the level of localization of Citra winery's website and it examines the above-mentioned criteria.

<b>Localization evaluation template</b>		
<i>Company</i>	Citra Vini	
<i>Company description</i>	Winery	
<i>URL</i>	https://www.citra.it/it	
<b>Criteria</b>	<b>Evaluation</b>	<b>Notes</b>
<i>Languages</i>	4	The site is translated into four languages: English, German, Spanish, and Chinese
<i>Menus</i>	1	The menu of the website has been modified according to the target language
<i>Colours</i>	0	
<i>Icons</i>	0	
<i>Images</i>	0	
<i>Currency</i>	0	
<i>Measurement</i>	1	Numbers and temperature scales have been adapted
<i>Date and Time</i>	0	

**Table 4.2:** Template for the assessment of the degree of website localization (Gibb, Matthaiakis, 2006)

Results show that the languages other than Italian into which the website has been translated are four: English, German, Spanish, and Chinese. This should indicate that the main target communities speak these languages. As for non-linguistic criteria, a more detailed analysis should be made. The first evaluation criterion concerns the layout and menu of the website: some aspects have been modified, even though there was no particular effort in the localization of these dimensions. For this reason, a score of 1 was given. The Italian *News* section has two subsections: *News* and *Events*. The latter is absent in all languages other than Italian, probably because it shows events taking place in Italy or destined to an Italian audience. The former section has been developed in the English language only: articles in English have been uploaded. In other languages, this section is empty, indicating a low degree of localization for non-English websites. Moreover, where the Italian website has a *Contatti* section with five subsections – *Contatti*, *Press*, *Servizio*

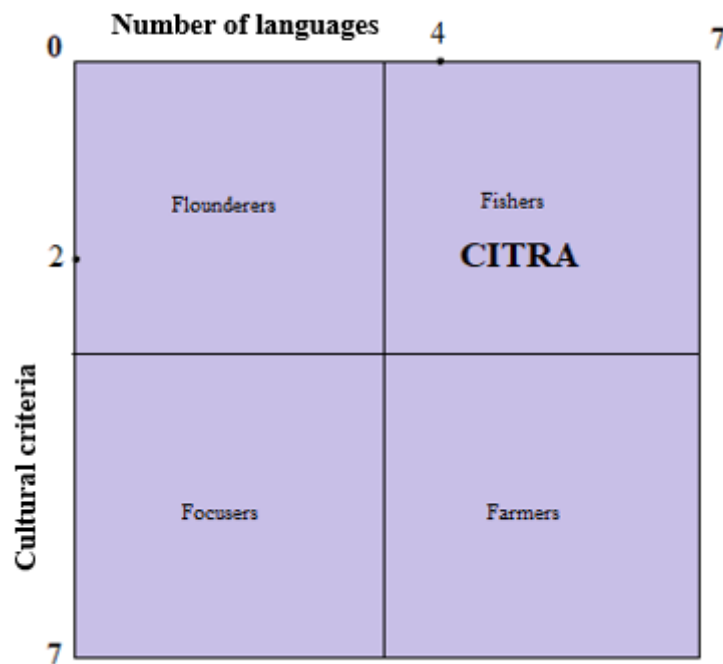
*clienti, Lavora con noi, FAQ* -, the *Press* subsection is missing in all other languages. The *Lavora con noi* section can be found on the English website only, where it is called *Jobs*, maybe indicating that jobs can be only addressed to Italian or English-speaking employees. As for colours, icons, and images, they are the same in all versions of the website. References to currency can be found in the shop section of the website, and it is worth noting that the euro is always used; even the English section, where the conversion to sterling should have been used, has prices in euros. Measurements, instead, are localized: for instance, numbers in the English website are adapted to the English form, instead of the Italian one, as figure 4.8 shows (below). The wine grades, too, are measured in both Celsius and Fahrenheit temperature scales. Indeed, a score of 1 was awarded for this criterion. On the other hand, dates are not modified, but this is not a particular evaluation criterion since dates are expressed in the same way in all target languages.



**Figure 4.8:** Localization of numbers in Citra English website (Source: citra.it; citra.it/en)

After the scoring of the website according to the above criteria, the website has been mapped into a two-dimensional matrix which indicates whether Citra is characterised as being flounderer, fisher, focuser, or farmer. The company has obtained a score of 4 for the number of languages into which the website was translated and a score of 2 for the non-language criteria: for these reasons, it can be ranked as Fisher. This means that Citra

has attempted to reach potential foreign customers by translating the site into other languages, but the attempts to localize the website have not been sufficient to rank it among companies that use localization to reach as many foreign customers as possible. Figure 4.9 (below) shows the results of the analysis.



**Figure 4.9:** Evaluation matrix for Citra's website localization.

In conclusion, the purpose of the experiment was to explore the degree of localization of the website of Citra winery. This framework was found to be useful in order to analyse language and non-language criteria and it made clear how the website can be further implemented. A mere translation into other languages is not sufficient to categorize it as a localized website: localization requires much more; it has to do with the global adaptation to local culture and habits. Although some attempts have been made, it would be effective to implement the website so that it can be considered a real localized multiregional site.

#### 4.4. Findings

The present study has allowed me to analyse the relationship between Italy and the United Kingdom through the examination of a specific case: Citra winery. The on-field experience – emerged from the interview – and the study of the website have provided an overview of the relationship between the two countries. From this research, it emerged that the world's leading market for the company is the United Kingdom, where it sells mainly through Large Retailers. This trade relationship is mediated by a sales representative, that buys the product and sells it in the UK market. In small part, wines are also sold to restaurants and wine shops through the mediation of an importer. These mediators also take responsibility for promotion activities, which are not conducted by Citra. However, taking part in several fairs allows the company to gain prestige in the eye of British consumers; this encourages sales and may also represent a form of promotion of the product. As far as sales strategies are concerned, in the UK the company opts for standardization: a uniform strategy allows one to offer the same product, with the same quality and the same starting price, for all target markets. In this way, it is possible to meet the needs of consumers from different backgrounds. Since the importer owns the exclusivity on the product, Citra does not sell online in the UK market, although scenarios may change in the future. In any case, an advantage for sales in the UK is the *Made in Italy* label, which guarantees considerable success. Indeed, in the British market, the Italian origin of a product gives it the same power as a brand, thus favouring its sale. Once the internationalization strategies of the company had been analysed, the interview focused on the influence of phenomena such as Brexit and the Covid-19 pandemic. From the findings it appears that, although at present there have been no significant changes, something will change in the future. Even though the global pandemic did not influence too much on Citra's sales, as they are mainly addressed to Large Retailers, it has changed the way the company participates in fairs and has contacts with both customers and partners. It is not excluded that scenarios will change again in the future.

Therefore, Citra's strategy for the UK market aims at expanding the market as much as possible. For this reason, market segmentation is not carried out. The range of products mainly consists of private labels, but also of some Citra brand wines. The types of wines are three:

- White wines - Pecorino, Trebbiano d'Abruzzo, and Passerina.

- Red wines - Montepulciano d'Abruzzo.
- Rosés wines - Cerasuolo d'Abruzzo.

After a careful analysis of the company's international marketing strategies, it was possible to identify the four 4Ps of marketing mix for Citra winery in the UK, namely product, price, place, and promotion, which can be summarized as follows (see figure 4.10).



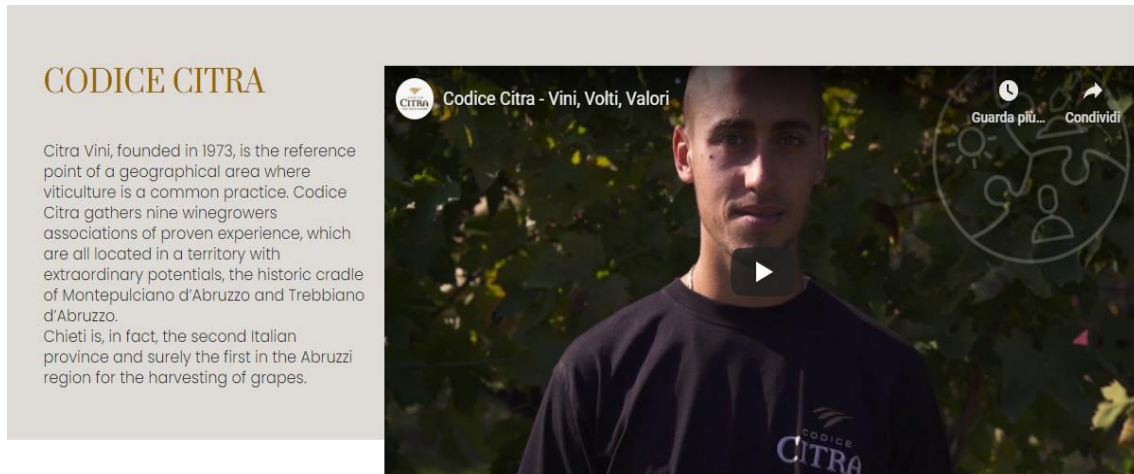
**Figure 4.10:** Summary of the 4Ps of marketing mix applied to Citra's activity into the United Kingdom.

As for the website, the interview showed that it is not a used channel for sales in the United Kingdom. However, the British consumer can use it for further information about the company. For this reason, it needs to be adapted to the market. The present research has shown that the degree of localization of Citra website is low: although the company has an English version of the website, it is not localized, which means that the creator has simply translated it without worrying about the content. An attempt to adapt has been made for some aspects, but it is not sufficient to declare it localized: the UK market is Citra's first one in the world and it requires attention.

For instance, the section destined to events could have a corresponding one in the English version of the website, since many of the fairs and congresses in which the company participates are addressed to consumers from all over the world. In addition, the

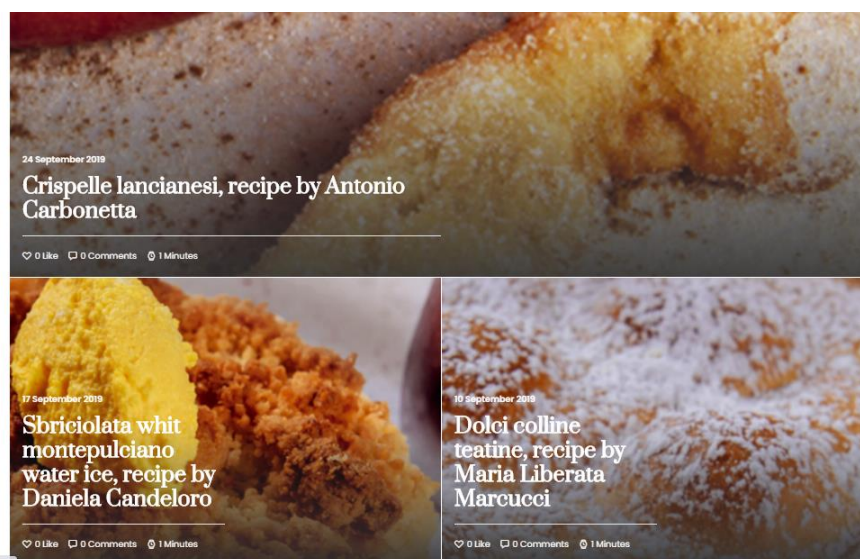


page dedicated to the history of the winery shows a link to a YouTube video which is entirely in Italian: it would be appropriate to insert English subtitles or a voice-over (see Figure 4.11).



**Figure 4.11:** A screenshot of the *History* section in the English version of the website (Source: [citra.it/en/our-history](http://citra.it/en/our-history))

In the section dedicated to recipes – that can be combined to Citra wines –, instead, a literal translation IT > EN has been made. It is hardly believable that an English consumer prepares Italian dishes: it would be better to insert recipes of dishes of the target country to which the wines are destined.



**Figure 4.12:** A screenshot of the *Recipes of winegrowers* section on the English website (Source: [blog.citra.it/en/recipesofwinegrowers](http://blog.citra.it/en/recipesofwinegrowers))

These suggestions are not intended to be a criticism of the company's website, but rather they represent a piece of advice for having a website as functioning as possible in all languages available. Even though the translation of the website has been done correctly, this means of communication can become a strength if implemented. Localization allows a company to reach as many customers as possible: localizing a website does not simply mean translating but adapting content and visual elements to the preferences of local customers. In the previous chapters, the Hofstede and CAGE frameworks have provided guidelines for understanding the cultural, economic, and political differences between countries. Although Italy and the United Kingdom share similar characteristics for some of these dimensions, a careful analysis of both backgrounds can be effective for a company that aims at being successful in a foreign market. In the case of localization, a thorough examination of the target community helps in making the website as similar as possible to those created for the British market.

In conclusion, Citra's strength is its ability to reach a large number of foreign markets without the need to rely on online trade. Thanks to product standardization, the company is able to produce large volumes for many markets. Among these, the United Kingdom represents an important outlet for Citra wines, ranking as the first target market for the product. Nevertheless, a localized website could represent an opportunity to tell in a fast and direct way the brand's history and products and to expand its sales volumes. The choice to localize the website is a form of adaptation that could be embraced in the product strategy. Even though Citra can reach about fifty countries around the world, focusing on many markets could make it lose sight of individual peculiarities. A suggestion for the company would be to implement a strategy of adaptation or glocalization, at least in those markets where large volumes of sales are made, such as the United Kingdom. Attention to the preferences and habits of the local consumer could encourage the latter to repeat the purchase, thus determining greater success. The aim is to motivate Citra, and all Italian companies, not to underestimate the importance of the distinctive features of the target country, which may differ from those of the country of origin. The familiarity with the target market and the ability to attract consumers through an offer in line with their expectations are the key elements that may determine the success of a company abroad.

## Conclusion

The previous chapters have analysed the phenomenon of international marketing from both a theoretical and a practical point of view to answer a question: do companies wishing to enter foreign markets change their strategy according to the needs, rules, and habits of consumers in the target country? To answer, the case of an Italian winery that carries out export activities in many foreign countries, including the United Kingdom, has been examined. The methodology adopted, based on the interview and the empirical analysis of the company's website, made it possible to determine the degree of adaptation to the British market and the degree of internationalization of the company. However, before examining the single case, some basic notions have been provided to better understand the dynamics behind international marketing. A detailed analysis of the subject made it possible to understand the phenomena underlying the company's actions and its trade relations with the United Kingdom.

International marketing involves conducting corporate activities in foreign markets, where cultural, social, economic, and political variables differ from the domestic market. Research shows that the reasons that drive a company to enter a foreign market can be of various types: these markets can provide new opportunities to sell products and increase turnover; they can provide resources – both material or managerial – that lack in the country of origin; they can provide new consumers or they can attract competitors and, therefore, even the company that decides to go international. To access these new markets, there are various possibilities to choose from, depending on the target market and the type of product to be sold: exporting, directly or indirectly; setting up production settlement, through foreign direct investments; concluding intercompany agreements, such as franchising, licensing, piggyback or joint ventures. Once the modality has been chosen, the company proceeds with market segmentation and product positioning. Then, the distribution, pricing, and communication strategies determine consumer satisfaction. Nevertheless, the adoption of these strategies is not easy and requires further investigation, to which the second chapter has been dedicated.

As a matter of fact, before choosing the strategy to adopt on foreign markets, the company must have a thorough knowledge of the marketing environment of the target

country. In this respect, culture plays a significant role; to enter a new market, it is necessary to know the differences in values, perceptions, and needs of societies. Indeed, the international marketing environment is called multicultural, since it brings different cultures into contact. In this way, inevitably, the mode of conducting business activities changes. Culture, then, can evoke fascination in consumers' eyes and, therefore, influence corporate activities. This is particularly true for Italian companies, which can rely on the *Made in Italy* label, which raises the reputation of products in a significant way because of their fascinating origin. Given its importance, culture has been analysed both by Edward T. Hall (1960) – who focused on the attitudes that characterise cultures and influence economic activities – and by Geert Hofstede (1980), who developed a model based on six dimensions that create discrepancies between different cultures. Based on this framework, it has been possible to carry out a comparative analysis between Italy and the United Kingdom across these dimensions. The results showed that the two countries share more or less the same cultural features except for two dimensions: uncertainty avoidance and indulgence. The study shows that the UK scores a low level of uncertainty avoidance, which means that unknown situations do not seem to be a problem but rather a challenge; it is also an indulgent country, where people are optimistic and focus on personal happiness. On the other hand, Italy scores a high level of uncertainty avoidance, which means that uncertainty causes anxiety, especially at work; people also have a restraint attitude, which makes them pessimistic and cynical. These results provided an overview of some of the rules to follow when an Italian company approaches the British market. However, it seems that culture is not the only aspect to consider. For this reason, the CAGE framework (2001) was examined to highlight further factors that determine distance across countries, namely administrative, geographical and economic factors.

The analysis of the multicultural environment in which operating is a preliminary requirement to take into account before choosing the international product policy. Indeed, it was underlined how the differences between international markets can determine a standardised, adapted, or glocalised approach. The company must choose between adopting the same strategy for all target markets, a specific strategy for each market, or a plan of action that mixes characteristics of both modalities. This choice is the pivotal element of this analysis, given that through the study of the international product policy it was possible to answer to the final objective of this thesis – that is to understand whether

there is a difference between the marketing strategies adopted by a company in its country of origin and the target countries.

Before answering this question, it was necessary to suggest a further method for studying the company's international marketing strategy. As argued in Chapter 3, the Internet plays a key role in building a strong image of the company abroad. After having analysed the international web marketing strategies, it was possible to observe that consumers' navigation behaviour changes according to their background. For this reason, the localization of a website can be a successful element in the expansion of a company abroad. Research has demonstrated that adapting a website to a foreign market is not just a matter of translation, but it also has to do with the adaptation of contents, such as images, colours, menu, grids, and so forth. In this respect, the framework developed by Gibb and Matthaiakis (2006) was explained and then used as a tool for analysis in the last chapter.

In light of the above, it was possible to introduce the case study conducted on Citra, a winery in Abruzzo, Italy. The analysis of the strategies adopted in the British market has highlighted the fact that the company does not adopt a specific marketing strategy for the United Kingdom. This hypothesis was confirmed by the exploration of the English version of the website: although it has some localized aspects, it is broadly the same as the Italian, Spanish, and German websites. This shows that the strategy used in the English market to sell wines does not differ from that used in other markets. Except for some specific markets, such as Russia and China, the company opts for product standardization to achieve a sales volume as large as possible. Hence, in response to the question that this study seeks to answer, it is possible to state that Citra adapts its marketing strategy to local markets only when it is necessary, such as in the case of those countries that are extremely different from the country of origin in terms of tastes, customs, and traditions. In all other cases, the choice of using a single strategy comes from the desire to achieve economies of scale.

The present study has also highlighted Citra's strengths and weaknesses. Its greater strength is certainly its size, which guarantees a wide production and an extended target market. The ability to reach almost fifty countries worldwide allows the company to bill even in periods of crisis, such as during the coronavirus pandemic, or periods of uncertainty, such as Brexit. Then, in the specific case of the United Kingdom, the agreement with an agent located in the country ensures a continuous presence without the

need, for Citra, to be constantly present in the market and monitor it. Moreover, to understand the success of the company in the British market, the culture of origin has proved to be an important strength: the *Made in Italy* label guarantees charm to the Italian wine, which is very appreciated in the United Kingdom, the world's first market for Citra wines. On the other hand, the present study also revealed the disadvantages and possibilities of improvement for the company. The website seems to be little used and underestimated; although the company has an online shop for wines, it cannot be considered as an important sales channel, especially in the UK, where there are limitations imposed by the importer. However, the implementation of the website could represent an advantage in the process of reaching foreign customers and strengthening the image of the company abroad. A localized website can attract the local user, who will find a web page that meets local preferences, needs, and uses. In this way, the company may catalyse the attention of the consumer, through a website that creates interest. As a result, he/she will be called to purchase the product and he/she will be likely to reiterate the process.

In conclusion, the present study aims at encouraging the company, and all Italian businesses, not to underestimate the importance of aspects such as culture, habits, and needs of the international markets in which one wants to enter. It aims at raising awareness about the importance of the exploration of the market before the development of the strategy, which is likely to determine the success of the plan. Then, the attention towards web channels, which today are becoming increasingly important, may prove to be the decisive element that guarantees the success of the international marketing plan. Even those countries that seem to be ideologically close to our country of origin, such as the United Kingdom, may hide buying behaviours and habits that are different from ours. Being familiar with the target market and being able to attract consumers, through an offer in line with their expectations, are the key elements that ensure success for a company.

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## Abbreviations

ARA	Arab countries (Egypt, Lebanon, Lybia, Kuwait, Iraq, Saudi Arabia, U.A.E.)	GUA	Guatemala	PER	Peru
ARG	Argentina	HOK	Hong Kong	PHI	Philippines
AUL	Australia	IDO	Indonesia	POR	Portugal
AUT	Austria	IND	India	SAF	South Africa (Kenya, Ethiopia, Zambia)
BEL	Belgium	IRA	Iran	SAL	Salvador
BRA	Brazil	IRE	Ireland	SIN	Singapore
CAN	Canada	ISR	Israel	SPA	Spain
CHL	Chile	ITA	Italy	SWE	Sweden
COL	Colombia	JAM	Jamaica	SWI	Switzerland
COS	Costa Rica	JPN	Japan	TAI	Taiwan
DEN	Denmark	KOR	South Korea	THA	Thailand
EAF	East Africa	MAL	Malaysia	TUR	Turkey
EQA	Ecuador	MEX	Mexico	URU	Uruguay
FIN	Finland	NET	Netherlands	USA	United States
FRA	France	NOR	Norway	VEN	Venezuela
GBR	Great Britain	NZL	New Zealand	WAF	West Africa (Nigeria, Ghana, Sierra Leone)
GER	Germany	PAK	Pakistan	YUG	Yugoslavia
GRE	Greece	PAN	Panama		



## Appendix

Here is the Italian script of the interview with Andrea Bortone, export manager of Citra Vini, that took place on 3 August 2020.

**1) L'azienda raggiunge circa 50 nazioni in tutto il mondo. Quali sono le motivazioni che hanno spinto a intraprendere la strada dell'internazionalizzazione e quali le difficoltà?**

La motivazione che spinge a intraprendere la strada dell'internazionalizzazione è quella di allargare il mercato potenziale. Nel mondo vengono prodotti circa 200 milioni di ettolitri di vino l'anno, l'Italia è il terzo mercato al mondo nei vini, con una produzione di circa 50 hl l'anno. È quindi un mercato maturo, in cui il consumo è sceso. Per questo si è pensato di internazionalizzare, anche alla luce del fatto che il "brand" Italia è molto forte nel mondo.

**2) In che modo avvengono la distribuzione e la comunicazione nel Regno Unito?**

Nel mercato inglese ci si rivolge alla GDO. Citra ha un agente che fa da contatto diretto con le grandi catene (il primo cliente è Tesco). C'è poi una persona a Londra che fa il monitoraggio. Il Regno Unito è un mercato molto importante (1° cliente al mondo di Citra), in cui si beve molto vino e in cui il brand Italia è molto forte. La maggior parte dei volumi nel Regno Unito viene fatta con le private label di proprietà dei retailer: Citra quindi non distribuisce i propri marchi ma altri (tipo Casal Thaulero) per i quali produce. Viene meno l'attività di comunicazione; Citra si occupa solo della parte commerciale. Per quanto riguarda la distribuzione dei marchi aziendali, invece, l'azienda collabora con alcuni importatori che servono anche la ristorazione e le enoteche: generalmente sono queste figure ad occuparsi anche della parte di comunicazione.

**3) Come cambiano le strategie di vendita del prodotto rispetto all'Italia (standardizzazione/adattamento)?**

Citra risponde ad entrambe le esigenze. In alcuni paesi, principalmente nel mercato europeo (ad esempio Regno Unito e Germania) si sceglie la standardizzazione, che garantisce maggiore efficienza produttiva. Anche le etichette sono scritte in inglese e uguali in tutti i paesi. In altri paesi invece, come la Cina e la Russia, si opta per l'adattamento. Le etichette nel retro sono quindi in lingua, e spesso cambia anche il vino sulla base dei gusti dei consumatori. In Cina ad esempio all'interno vi sono dei liquidi differenti e il grado alcolico è più alto perché questi mercati (meno maturi) hanno richieste differenti. Anche il packaging può cambiare, ad esempio in Russia la bottiglia deve pesare quindi ha una forma a tronco/cono; nei paesi Scandinavi viene data molta importanza all'aspetto ecologico, quindi le bottiglie sono molto leggere. Per la creazione Citra ha un grafico e poi si affida ad un'agenzia che dà indicazioni commerciali. Nel Regno Unito si fanno delle etichette uguali per tutti i vini; in alcuni specifici casi può accadere di cambiare in base al cliente, però in linea di massima si cerca di creare un brand globale, riconoscibile a livello mondiale per diventare forte ovunque.

**4) Quanto conta conoscere il mercato di destinazione e tutto ciò che riguarda lingua, usi e costumi?**

Conoscere il mercato è fondamentale. In questo aiuta molto il contatto con l'importatore: avere un buon partner è la chiave per il successo. Spesso è importante anche avere una persona del posto che lavora per l'azienda e vive lì: ad esempio, in Canada e USA Citra ha una persona che conosce i gusti, aiuta nelle etichette ma conosce anche come viene inteso il business (e quindi, ad esempio, la negoziazione).

**5) Quali sono le modalità di vendita? Che ruolo svolge il digitale?**

Per quanto riguarda il web, la situazione è in divenire. Lo shop online è accessibile solo dall'Italia perché nel Regno Unito viene data un'esclusiva all'importatore sul marchio. Il sito normale è invece rivolto sia al consumatore che al business, perciò è tradotto nelle principali lingue target.



**6) Le modalità di vendita e di comunicazione all'estero cambiano rispetto all'Italia?**

Non vi è particolare attività di comunicazione. Per quanto riguarda la vendita, Citra partecipa a dei concorsi (es. Decanter) in cui si prendono dei premi che danno un bollino che poi viene messo nelle etichette. Questo bollino dà prestigio soprattutto agli occhi del consumatore inglese.

**7) Il *Made in Italy* aiuta a vendere il prodotto?**

L'Italia insieme alla Francia ha una grande fortuna, ovvero rappresentano il cosiddetto 'Vecchio Mondo' nel vino, a differenza di altri paesi come l'Australia e il Cile che invece sono considerati il nuovo mondo. Di conseguenza, il solo fatto che un prodotto è *Made in Italy* ha un grande fascino sul cliente. Questo è possibile anche grazie alla cucina, che è considerata forse la migliore al mondo e fa da traino per il vino, che è ad essa legato.

**8) Quali sono le conseguenze della Brexit? (Prezzi, dazi, ecc.)**

Per il momento non ci sono stati cambiamenti a causa della Brexit, ma il tutto è un punto interrogativo. Ci sono stati dei periodi in cui si vociferava che venissero imposti dei dazi, e quindi ci sono stati dei picchi di vendita (picchi di stock) per assicurarsi il prodotto ad un buon prezzo. Ma poi tutto è tornato come prima ed è tuttora in divenire.

**9) Cosa è cambiato con il Covid-19?**

Anche per quanto riguarda il Covid, è difficile dire cosa accadrà anche se sicuramente accadrà qualcosa. Nel periodo del lockdown c'è stata una forte crisi nell'ambito della ristorazione, dove il fatturato è stato pari a 0. Nella GDO invece il commercio è stato stabile e anzi a marzo/aprile ci sono stati dei risultati positivi. Le bollicine hanno subito una crisi perché sono legate ad eventi, feste, aperitivi, quindi ovviamente non venivano consumate; gli altri vini no. Online c'è stato un

boom per siti come Tannico, che comunque rappresentano una piccola parte. Inoltre, negli scorsi anni ci sono state delle vendemmie molto grandi e importanti che hanno determinato grandi volumi e prezzi bassi: a gennaio 2020 lo stock era molto alto (50 milioni di ettolitri disponibili). Con il lockdown e le mancate vendite, si è diffusa una grande preoccupazione su come smaltirli, anche alla luce del fatto che si prevede per agosto una vendemmia molto ricca. Cosa accadrà quindi ai prezzi? Forse ci sarà una crisi, soprattutto per le piccole aziende. Nel frattempo, è stata autorizzata la distillazione, ovvero l'eliminazione dell'uva in eccesso, per superare questa crisi. Sicuramente è necessaria una decisione condivisa da tutti per superare il problema.

**10) Quali sono le prospettive future sia nel B2B che nel B2C anche alla luce del fatto che fiere come Vinitaly e Prowine sono saltate e forse salteranno?**

Citra partecipa a tutte le fiere, che sono molto importanti: tra le altre, anche Tuttowine a Milano e World Bulk Wine ad Amsterdam rivestono grande importanza. È stata prevista una nuova pianificazione per l'autunno ma anche lì è tutto da vedere. Sicuramente il sistema sarà da ripensare per il futuro, anche perché l'affluenza sarà minore. Per il momento si è provato con l'online: video conferenze, degustazioni online tramite campioni inviati singolarmente e mini-incontri con i buyer. Sicuramente, però, non è la stessa cosa.

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## **Riassunto in italiano**

Oggi giorno, il contesto in cui le imprese operano è caratterizzato dal fenomeno della globalizzazione: le economie tendono ad assumere un carattere globale e, di conseguenza, non è possibile segnare dei confini tra i singoli mercati. Una grande parte delle attività economiche mondiali ha luogo, quindi, tra entità provenienti da paesi differenti (Bertoli, Valdani, 2006). Per questo motivo, anche le attività di marketing hanno un carattere internazionale: la pianificazione, promozione, distribuzione e determinazione dei prezzi di beni o servizi vengono intraprese in paesi diversi e sono coordinate tra nazioni differenti. Ciò significa che le imprese devono interfacciarsi con nuovi clienti, nuove imprese concorrenti e nuove regole, che spesso presentano caratteristiche diverse rispetto al paese di origine.

L'obiettivo del presente lavoro di tesi è di analizzare le caratteristiche del marketing internazionale al fine di comprendere le motivazioni che spingono le aziende a fare ingresso nei mercati internazionali e stabilirvisi. Tale analisi mira inoltre a verificare se le strategie di marketing internazionale di un'azienda differiscono in base al paese di destinazione. Per rispondere a questi interrogativi, viene analizzata l'attività di un'azienda italiana che opera su diversi mercati in tutto il mondo. L'idea di intraprendere questa ricerca è nata dall'interesse scaturito dalla combinazione dello studio delle lingue straniere e di discipline economiche. L'attenzione verso una nuova cultura non si è fermata, per quanto mi riguarda, ad un livello più esterno di analisi, in cui il focus è lo studio della lingua, degli aspetti traduttivi e delle tradizioni di un determinato paese; ho voluto andare a fondo, fino ad un livello più implicito, per verificare la connessione tra gli aspetti culturali e sociali di una comunità e le decisioni economiche che vengono intraprese dalle aziende straniere, e nello specifico italiane, in quel determinato paese. Ciò è stato possibile grazie all'analisi delle attività di un'azienda vitivinicola, Citra, sui mercati internazionali e, nello specifico, sul mercato inglese. La scelta del Regno Unito è stata dettata non solo dal legame con lo studio della lingua inglese, che ha caratterizzato parte dei miei studi fino ad ora, ma anche dal fatto che un paese che può sembrare vicino all'Italia socialmente e culturalmente può rivelare differenti sostanziali nell'approccio al mercato.

Al fine di comprendere le motivazioni e le dinamiche dei movimenti sui mercati internazionali, è necessaria un'analisi preliminare del fenomeno del marketing internazionale e delle sue caratteristiche, alla quale è dedicato il Capitolo 1. Parlando in senso ampio, il marketing è l'insieme delle attività intraprese da un'azienda per soddisfare i bisogni dei clienti e facilitare la commercializzazione di beni e servizi tramite decisioni relative alle caratteristiche del prodotto, la sua distribuzione e comunicazione. Bertoli e Valdani (2006) hanno approfondito l'indagine distinguendo il marketing domestico da quello internazionale. Il primo riguarda le attività di marketing in un singolo paese, all'interno di specifici confini territoriali e, dunque, verso clienti di un'unica nazione: le opportunità di crescita sono sicuramente inferiori, ma i limiti nella comunicazione sono nulli e la conoscenza del mercato è ampia. Il marketing internazionale, invece, si rivolge a diversi paesi di destinazione, in cui le variabili sociali, culturali, economiche e politiche possono variare rispetto al mercato domestico. Ciò implica, quindi, la necessità di conoscere le norme che regolano tali mercati. In questo tipo di attività le strategie di comunicazione, distribuzione e promozione devono cambiare, facendo sì che le sfide siano sicuramente maggiori. I mercati stranieri possono presentare caratteristiche differenti, come evidenziato dal modello di analisi SLEPT (Doole, Lowe, 2008), che esamina gli attributi sociali/culturali, legali, economici, politici e tecnologici delle singole comunità, che possono determinare differenze nel comportamento dei consumatori. Tali peculiarità devono essere prese in esame per soddisfare al meglio le esigenze dei clienti.

Una volta che l'ambiente in cui condurre le proprie attività è stato analizzato, dev'essere definito il piano di marketing internazionale, che rafforzerà la posizione competitiva dell'azienda tramite la definizione degli obiettivi, l'analisi SWOT, lo sviluppo di un programma e il monitoraggio dell'efficacia della strategia. Per fare ingresso nel mercato straniero, è però necessario anche scegliere la modalità migliore per rendere disponibile la propria offerta. Questo può avvenire tramite l'esportazione, l'insediamento produttivo all'estero o tramite accordi di collaborazione interaziendale. Ai fini di questa ricerca, l'esportazione è la modalità di maggiore interesse: tramite questo processo l'impresa vende i propri beni in un mercato in cui non possiede organizzazioni affiliate. Il prodotto è solitamente lo stesso che viene venduto nel mercato domestico e questo tipo di ingresso è quello che implica rischi minori. Esistono due tipi di esportazione: diretta o indiretta (Bertoli, Valdani, 2008). Nel primo caso il produttore



vende direttamente ad un altro soggetto situato nel mercato estero, solitamente un importatore. Nel secondo caso, invece, l'impresa entra nel mercato estero tramite un intermediario situato nel proprio paese di origine: tale figura è specializzata nel commercio internazionale e ha il compito di individuare il cliente estero e gestire i rapporti.

Nel momento in cui l'impresa ha scelto la modalità di ingresso nel mercato estero, può procedere con la segmentazione del mercato e la scelta di posizionamento tramite le 4P del marketing mix: attraverso le giuste scelte relative a prodotto, prezzo, placement e promozione il prodotto viene percepito positivamente ed è in grado di soddisfare le esigenze del consumatore. Tuttavia, vi possono essere degli ostacoli legati all'entrata sui mercati esteri: come già anticipato, le differenti caratteristiche dei singoli paesi possono comportare strategie differenti. Per questo motivo, gli studi di marketing interculturale (si veda ad esempio Doost, Mohammadian, 2017; Herbig, 2000; Rugimbana, Nwankwo, 2003), unitamente all'analisi delle differenze politiche, economiche e amministrative tra paesi, sono un punto di riferimento nell'implementazione di una strategia vincente. Il Capitolo 2 è dedicato a tali studi, che portano poi alla scelta di una strategia di adattamento o di standardizzazione del prodotto sulla base dei tratti distintivi del paese di destinazione.

Effettivamente, condurre attività commerciali in paesi stranieri significa lavorare in un contesto multiculturale. La cultura può essere considerata come un iceberg: la parte visibile è fatta di lingua, arte, tradizioni, cucina; vi è però anche una parte invisibile, ad un livello sottostante, che è costituita da credenze, valori e visioni del mondo che influenzano il comportamento di ciascuno di noi. Tali aspetti, unitamente ad altri come quelli evidenziati da Kluckhohn and Strodtbeck (1961) nella teoria di orientamento dei valori, devono essere tenuti in considerazione prima di pianificare l'ingresso di un prodotto in un nuovo mercato. A tal proposito, gli studi di Engler (2016) forniscono una panoramica sulle influenze culturali delle attività commerciali nel Regno Unito. Seguire tali linee guida può aiutare nello sviluppo di una strategia di successo.

Un fattore determinante nel successo di un prodotto all'estero è il patrimonio culturale, più comunemente detto *cultural heritage*. Si tratta di un insieme di risorse ereditate dal passato che viene percepito come espressione di valori, credenze, conoscenze e tradizioni di una popolazione. È opinione condivisa che esso sia l'elemento che determina il successo dell'etichetta *Made in*: le numerose indagini condotte in Italia evidenziano il

forte ruolo evocativo che caratterizza l'etichetta del *Made in Italy* (Napolitano, Marino, 2016). Grazie al successo ottenuto dai prodotti italiani all'estero, tale elemento è un potente mezzo nell'elevazione della reputazione del paese d'origine e nel successo del prodotto *Made in* sui mercati internazionali. Per questa ragione, la forza di questa etichetta può essere sfruttata a proprio vantaggio dalle imprese italiane che ambiscono a vendere a livello internazionale.

Da quanto detto finora, emerge come la cultura sia uno dei fattori che determina distanza tra paesi. Unitamente ad essa, vi sono altri fattori di tipo geografico, politico ed economico, di cui l'azienda deve tenere conto per sviluppare il proprio programma di marketing. Tutti questi aspetti sono evidenziati in diversi modelli: il modello di Hall (1960), che distingue tra culture ad alto e a basso contesto, permette di comprendere le modalità in cui è strutturata la comunicazione in base al paese di riferimento al fine di evitare malintesi e costruire relazioni più forti. Il modello di Hofstede (1980) considera sei dimensioni che influenzano il comportamento: distanza dal potere, individualismo contro collettivismo, mascolinità contro femminilità, avversione all'incertezza, orientamento al lungo termine contro orientamento al breve termine, indulgenza contro controllo. Sulla base dei punteggi ottenuti in ogni dimensione, è possibile individuare le differenze tra diversi paesi secondo tali dimensioni culturali. Il modello di CAGE (2001), elaborato da Pankaj Ghemawat, analizza invece il probabile impatto della distanza tra paesi secondo quattro dimensioni: culturale, amministrativa, geografica ed economica. Quanto più caratteristiche legate a queste dimensioni differiscono tra paesi, tanto più sarà difficile l'attività commerciale tra questi. Al contrario, più simili saranno i paesi, più probabile sarà il successo della vendita.

Dunque, alla luce delle differenze o similitudini che emergono dall'analisi di tali modelli, diventa stimolante per un'azienda scegliere la migliore strategia di prodotto da adottare. Una volta che l'ambiente in cui inserirsi è stato esaminato, è necessario scegliere se inserire il prodotto tramite la standardizzazione, l'adattamento o la glocalizzazione (Di Gregorio 2003). Il primo approccio è proprio delle aziende che adottano la stessa strategia in tutti i paesi in cui vendono: di conseguenza, il prodotto è indistinto, ha lo stesso prezzo e gli stessi standard qualitativi. Ciò è possibile quando i mercati di destinazione hanno un background culturale ed economico simile. Il secondo approccio, invece, prevede che l'azienda adotti una strategia differente per ogni mercato in cui è presente. Tale scelta ha

origine dall'analisi delle peculiarità dei singoli mercati, che rappresentano un limite per una eventuale strategia standardizzata. Le differenze culturali, economiche, geografiche, amministrative dei paesi target rendono necessario l'adattamento del prodotto. Infine, qualora le precedenti strategie non risultino efficaci, si può optare per un terzo approccio: la glocalizzazione. Essa consiste nella fusione dei due approcci precedenti ed è caratterizzata dal fatto che l'azienda, in questo caso, definisce un'offerta globale differenziandola, poi, sulla base dei singoli mercati. La scelta della strategia di prodotto è il punto chiave della presente analisi, dal momento che sulla base di essa è possibile verificare se vi sia una differenza nella strategia adottata da un'azienda nel proprio paese di origine e nel paese di destinazione.

Tuttavia, prima di analizzare il caso specifico, è stato necessario collocare il marketing internazionale nel mercato moderno, che è caratterizzato dal ruolo crescente rivestito da Internet e dalle tecnologie digitali nel determinare il successo di un'azienda all'estero. Di conseguenza, il Capitolo 3 si occupa in primo luogo di analizzare il web marketing internazionale. Oggigiorno le opportunità di contatto, accesso all'informazione e scambio offerte da Internet hanno espanso i mercati e le opportunità per l'export. La digitalizzazione ha favorito la riduzione dell'importanza dei confini territoriali e la diffusione di flussi di informazione senza barriere tra produttore e consumatore. In quest'ottica, un ruolo importante è rivestito dal sito web e dai canali social dell'azienda, che permettono di comunicare con nuovi e già esistenti mercati in maniera integrata. La pandemia di COVID-19 ha poi contribuito alla crescita dei canali digitali, dal momento che, nel periodo di quarantena, il web è diventato l'unico mezzo di vendita per le aziende. Le opportunità offerte dal web marketing internazionale permettono principalmente di aumentare le vendite nei mercati già esistenti, accedere a nuovi mercati, verificare l'eventuale interesse verso i prodotti, e permettere ai consumatori di cooperare in prima persona allo sviluppo del prodotto (Carboni, 2016).

Nell'implementazione di un'efficace strategia di marketing sul web non bisogna sottovalutare la scelta di standardizzazione o adattamento dei canali divulgativi. La ricerca condotta da Kralisch et al. (2005) ha dimostrato come il background culturale degli utenti influenzi le loro attività online: ad esempio, coloro che provengono da culture monocroniche, con un orientamento al breve termine e un alto grado di avversione all'incertezza, tendono a preferire siti in cui l'informazione è posizionata in ordine

lineare, con una struttura gerarchica e un design minimale, che permette un rapido accesso alle informazioni. Per questo motivo, la scelta di adattare i canali web aziendali alla cultura locale può rivelarsi una scelta vincente. L'attenzione è rivolta al fenomeno della localizzazione: localizzare un sito web significa adattare non solo la lingua, ma anche la grafica, i numeri, le date, le immagini, i colori, e molto altro alla comunità di destinazione. Ad esempio, il formato delle date o dei numeri può variare a seconda del paese, così come i colori possono assumere dei significati diversi da cultura a cultura (De Bortoli, Maroto, 2001). La necessità della localizzazione è confermata da Singh e Pereira (2005) che, focalizzandosi sulle dimensioni culturali elaborate da Hofstede, hanno verificato come queste influiscano sulla struttura dei siti web. I paesi classificati ad alto livello di collettivismo richiedono siti in cui sono presenti community, chat di gruppo o dove gli utenti abbiano la possibilità di comunicare; i paesi ad alto individualismo, invece, fanno attenzione alla presenza di politiche della privacy e la possibilità di personalizzazione. In questo modo, i due autori hanno identificato cinque livelli di localizzazione per studiare e classificare i siti web.

La localizzazione dei siti è stata analizzata anche da Gibb e Matthaiakis (2006), che hanno elaborato un modello per valutare il livello di localizzazione dei siti web: tale studio è utilizzato come strumento di analisi del presente lavoro di ricerca. Infatti, dopo aver scelto un sito web da analizzare, Gibb e Matthaiakis suggeriscono di valutarne il livello di adattamento secondo due variabili, quali la dimensione linguistica e quella non linguistica. Nella prima dimensione viene assegnato un punto per ogni lingua, diversa da quella ufficiale, in cui è stato tradotto il sito. Nella seconda dimensione viene assegnato un punteggio da 0 a 7 per ognuna delle seguenti dimensioni: cambiamenti nel menù e nel layout, cambiamenti di colore, cambiamenti nelle icone, cambiamenti nelle immagini, adattamento della valuta, adattamento delle unità di misura, convenzione data/ora. Sulla base dei risultati, il sito viene classificato in un grafico bidimensionale che ne determina il livello di localizzazione.

L'analisi del marketing internazionale e delle sue caratteristiche intrinseche, unitamente alle possibilità offerte dal digitale e all'importanza della localizzazione per raggiungere i mercati stranieri, hanno fornito un quadro completo del contesto nel quale si introduce il caso di studio del presente lavoro di tesi, che viene presentato nel Capitolo 4. Grazie alle informazioni elaborate nei capitoli precedenti, l'ultimo capitolo ha come

obiettivo quello di analizzare le strategie di marketing internazionale elaborate da un'azienda vitivinicola italiana nel Regno Unito e, sulla base dei risultati, di proporre delle indicazioni per rendere la propria offerta sui mercati internazionali il più efficace e soddisfacente possibile.

L'oggetto di studio è Citra Vini, un'azienda vitivinicola situata a Ortona, in Abruzzo. Nata nel 1973, oggi riunisce nove cantine in circa 6000 ettari di vigneti complessivi, che la rendono la più grande realtà vitivinicola della regione. La produzione va dai più conosciuti Montepulciano e Pecorino d'Abruzzo, a Passerina, Cocciola, e Trebbiano d'Abruzzo. Dopo una breve introduzione sulle linee guida per l'export del vino nel Regno Unito, la metodologia di analisi ha seguito tre fasi. In una prima fase è stata condotta un'intervista presso la sede dell'azienda con l'export manager, per avere maggiori informazioni sulle attività di Citra nel mercato inglese e all'estero in generale. Poi, sulla base del modello di Gibb e Matthaiakis, sono state valutate le attività di localizzazione del sito web: in questo modo è stato possibile comprendere se l'azienda lavora o meno sull'adattamento dei propri canali ai mercati di destinazione. Infine, sono stati analizzati i risultati al fine di rispondere all'obiettivo primario del presente lavoro.

Dallo studio condotto è emerso che:

- 1- La motivazione che spinge l'azienda ad internazionalizzarsi è il desiderio di allargare il più possibile il proprio mercato potenziale. In questo modo, il volume di vendita aumenta e i guadagni sono maggiori. Tutto ciò è possibile grazie al fatto che il "brand" Italia è molto forte all'estero.
- 2- La modalità di distribuzione nel Regno Unito, che è il primo mercato al mondo dell'azienda, avviene sia con i marchi Citra che con le *private label*. Queste ultime, di proprietà di privati ma per le quali l'azienda produce e vende, garantiscono i maggiori volumi di vendita: Citra si affida ad un agente che promuove il vino per conto dell'azienda e lo vende presso i rivenditori della Grande Distribuzione Organizzata. Per quanto riguarda i marchi Citra, i vini sono distribuiti nel mercato inglese tramite importatori, che acquistano dall'azienda e vendono alla ristorazione e alle enoteche. In entrambi i casi, è assente l'attività di comunicazione da parte dell'azienda. Nel caso dei marchi di proprietà, essa è affidata agli importatori.

- 3- La strategia di prodotto adottata nel Regno Unito, così come nella maggior parte dei mercati europei, è quella della standardizzazione: l'azienda mira alla creazione di un brand globale, scegliendo di vendere lo stesso prodotto in molti mercati. In questo modo, viene garantita una maggiore efficienza produttiva e maggiori volumi di vendita. Anche le etichette sono standardizzate: quelle utilizzate nel Regno Unito seguono le normative europee e sono uguali in vari paesi. Tuttavia, le etichette destinate alla GDO presentano delle proprie caratteristiche pur essendo, anch'esse, standardizzate.
- 4- Conoscere il mercato di destinazione è fondamentale per una strategia di successo. Nel Regno Unito, la relazione con l'importatore è la chiave del successo: aiuta l'azienda ad ottenere informazioni su gusti, preferenze e abitudini del mercato locale e aiuta nella negoziazione, dal momento che l'importatore conosce il modo in cui essa è intesa e le regole del mercato.
- 5- Le modalità di vendita sono prevalentemente "offline". Pur esistendo uno shop online, questo è destinato al mercato italiano. Nonostante ciò, la scelta di tradurlo anche in inglese potrebbe essere una strategia di posizionamento: potrebbe, infatti, dare un'idea per guidare il mercato sul prezzo che l'azienda vorrebbe fosse attribuito ad ogni vino. Solitamente, infatti, è un prezzo elevato. Citra, poi, partecipa a numerosi concorsi che attribuiscono dei bollini che vengono inserite nelle etichette: tali bollini rivestono particolare importanza soprattutto agli occhi del consumatore inglese, che dà loro notevole importanza.
- 6- Fenomeni quali la Brexit e la pandemia di Coronavirus hanno influito relativamente sulle attività dell'azienda. Per quanto riguarda la Brexit, ci sono stati alcuni periodi con picchi di stock da parte dei clienti per il timore dell'imposizione di dazi; tuttavia, non ci sono stati ancora cambiamenti. La situazione resta comunque poco chiara e in costante movimento, dunque non si escludono possibili scenari diversi in futuro. Il Covid-19 invece non ha influito particolarmente sulle vendite dell'azienda, in particolare nel Regno Unito: dal momento che Citra vende principalmente tramite i canali della GDO, le vendite non sono diminuite e, anzi, hanno subito un aumento nei mesi di marzo e aprile. Anche in questo caso, però, la situazione resta incerta.

Inoltre, la valutazione sul livello di localizzazione del sito web di Citra ha fatto emergere che, con un punteggio di 4 per i criteri linguistici e 2 per i criteri non linguistici, l'azienda tenta di raggiungere i clienti stranieri tramite la traduzione del sito in alcune lingue straniere, ma non utilizza strategie di localizzazione. L'adattamento di alcune sezioni del menù e delle unità di misura in base al paese di riferimento non è sufficiente a classificare l'azienda tra quelle che adattano il proprio sito per renderlo accessibile al cliente del Regno Unito o di un altro paese estero.

Tale analisi ha quindi messo in luce i punti di forza e i punti di debolezza di Citra, con particolare attenzione sui possibili miglioramenti da attuare alla strategia dell'azienda al fine di renderla forte globalmente. Se da un lato, infatti, vi è una forte apertura verso i mercati esteri, che possono offrire ulteriori possibilità di crescita in termini di volumi e di profitto, dall'altro sarebbe auspicabile migliorare alcuni aspetti per far sì che il successo cresca in misura maggiore. In un mondo, come quello attuale, in cui il digitale riveste un ruolo fondamentale nelle transazioni commerciali, non andrebbero sottovalutate le potenzialità offerte dai canali online. Il sito web, che è già tradotto in quattro lingue, potrebbe essere implementato tramite la localizzazione dei contenuti: sono stati quindi proposti alcuni suggerimenti per migliorare e adattare alcune sezioni del sito. Un sito localizzato, infatti, attrarrà più facilmente un consumatore se presenterà caratteristiche proprie del suo background culturale; maggiore sarà l'attenzione verso il sito, maggiore sarà la probabilità di acquisto del prodotto. Inoltre, data la crescente importanza del commercio online, la potenzialità del sito come canale di vendita potrebbe essere maggiormente sfruttata, in modo tale da avvicinare ancora di più il consumatore. La scelta della localizzazione è una forma di adattamento che potrebbe essere adottata anche nella strategia di prodotto: se, infatti, un ulteriore punto di forza di Citra è il fatto che riesca a raggiungere circa 50 paesi in tutto il mondo, dall'altro lato focalizzarsi su tanti mercati potrebbe far perdere di vista le peculiarità individuali. Un suggerimento sarebbe quello di attuare una strategia di adattamento o di glocalizzazione almeno nei mercati in cui si fanno ampi volumi di vendita come, ad esempio, il Regno Unito. L'attenzione verso le preferenze e le abitudini del consumatore locale potrebbe invogliare quest'ultimo a reiterare l'acquisto, rappresentando così un ulteriore fattore di successo.

In conclusione, il presente studio di tesi ha evidenziato l'importanza delle caratteristiche culturali, economiche, politiche e amministrative dei mercati esteri nella

definizione di una strategia di marketing internazionale efficace. L'obiettivo è quello di incoraggiare Citra, e tutte le aziende italiane che lavorano anche all'estero, a non sottovalutare l'importanza dei tratti distintivi del paese di riferimento, che possono differire dal paese di origine. L'analisi delle peculiarità del gruppo target permetterà la soddisfazione delle sue esigenze: per questo motivo, è possibile che ogni paese di riferimento necessiti di un piano di marketing ad hoc. Alla luce delle differenze che sussistono tra i mercati, le strategie di prodotto possono cambiare e l'azienda può quindi optare per la standardizzazione o l'adattamento a seconda delle proprie esigenze. La familiarità con il mercato di riferimento e la capacità di attrarre consumatori tramite un'offerta in linea con le loro aspettative sono gli elementi chiave che determinano il successo di un'azienda all'estero. La crescente importanza di Internet, se correttamente sfruttato, non potrà che facilitare la realizzazione dei propri obiettivi.