

# Intercultural Aspect of Customer Management

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## **Abstract**

The objective of this paper is to show the intercultural implications of the customer care, analyzing three case studies. After theoretical background about studies on the culture, the intercultural aspects of the service management and the customer relationship management, we will illustrate how a furniture manufacturing company, a heat exchangers for domestic boilers enterprise and a firm that sell equipment for agricultural irrigation, all of them operating in the global market, manage their customers in each foreign country and which are the managerial implications. Results show that each company changes the way to manage their foreign markets according to the culture of origin of the customers. The most relevant aspect they have in common is the customer relationship management, focusing it on trust and commitment.

## **Keywords**

internationalization; culture; customer relationship management; intercultural aspects of service management; service quality; service assistance

## 1. Introduction

Companies facing the process of globalization (Codignola, 2012) must confront varying environmental context. Each of them demand a specific approach and code of interaction. Often one does not consider that amongst the different variables that define the environmental context it is the dominating culture that plays a fundamental, determining role. An in-depth knowledge of dominant cultures featuring in different environmental contexts can in fact help businesses to reduce the prevalence of uncertainties originating in approaches to unfamiliar markets; furthermore, it can facilitate the identification of the best suited solutions in the resolution of conflicts that can arise during inter-organizational relations. Globalization would appear to modify the role of culture and cultural evolution within society; however, while some literature speaks of conflicts between cultures it is fundamental that one concentrates on the manner in which different cultures can learn from one another, or even provide inspiration so as to make these differences productive when two or more cultures met. The theme of cross-cultural management is extremely important in the global market. Environmental culture thus assumes strategic relevance in view of business culture. From this point of view, cross-cultural management observes and analyses the behaviour of individuals from different cultural origins in companies, while from another perspective it compares and examines cultural disparities that exist between companies from different cultural context<sup>1</sup>.

So cross-cultural management studies describe both the behaviour of individuals hailing from differing cultural backgrounds within the internal context of a company and cultural differences that exist between organizations from dissimilar cultural contexts.

Nevertheless, most companies see customer service centres as a cost centres (Wursten et al., 2009). Few companies see customer service centres as providers of competitive advantage. Creating a winning customer strategy is to deliver a customer value proposition based on a thorough understanding of the customer's culture, value and needs. Customer relationships are strategic assets and the customer service centre must be made into a strategic part of the organization and a central part on the customer relationship management system.

However, in order to take an in-depth look at the effect of the culture on commercial interactions with the global markets, one must analyse the evolution of theories about culture. This paper examines the intercultural aspects linked to the customer management analysing three case studies of companies that have to deal with customers from different foreign countries. The analysis was carried out interviewing the entrepreneur, the sales manager and the export manager. The analysis will show that firms change the way to manage their foreign markets according to the culture of origin of the customers.

The article begin with a section presenting the theoretical background about studies on the culture and the customer relationship management and the intercultural aspects of the service management. Subsequent section describes the research method and design. Next, the obtained findings are showed. Finally, a concluding section with a discussion of the results, the theoretical and managerial implications and future research directions are presented.

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<sup>1</sup> At a time when a company decides to propose an offer to the international market both the national one (increasingly multi-ethnic), it must take into account the cultural specificities of each country. Market research distinguish between "intra-cultural", "intercultural" and "cross-cultural". In particular, the intra-cultural marketing analyzes what happens within a specific culture, which cultural barriers exist, how these can hinder the adoption of a behaviour, which cultural filters and unwritten rules operate in the background in influencing the customer, his behaviour and his assessments, the cross-cultural marketing deals with "cultural differences", the differences in behaviour, reactions, methods of evaluation and thought. The cross-cultural marketing is concerned with what happens in the moment of contact between different cultures and how to communicate or to get the message across cultural barriers.

## 2. Theoretical background

### 2.1 *The definition of culture*

As said in the introduction, in order to take an in-depth look at the effect of the culture on commercial interaction with the global markets, one must analyse and observe the evolution of theories on culture.

Guercini (2010) says that the literature does not suggest a unique definition of culture, presenting so a concept featured of high complexity.

However, the complexity of the cultural dimension is accompanied by its progressive relevance in the internationalization process analysis of enterprises, with particular reference to those business decision that are most influenced by the social context. Hence the need, in a theoretical perspective, conceptualizing the dimensions of culture in order to define useful reference models in business decisions.

Culture influences managerial processes according to two perspectives:

1. free cultures approach, which identifies a homogeneity in managerial practices, even in national contexts and cultures. The practice of strategic and operational management can be considered applicable regardless of the cultural context in which the firm is surrounded;
2. cultures bound approach, the influence of environmental variables makes each context requiring specific targeted policies by the staff.

The main theories that have tried to define the national culture as objective as possible, to enable the development of cross-cultural analysis in the context of management can be traced to Hofstede, Schwartz and Globe.

According to Hofstede (2001), culture can be defined as a system of shared values, which distinguishes members of one group or category of people from those of another group; culture is therefore intrinsic in the mind of individuals and it can be measured.

The study was conducted using as a reference population of IBM employees. Between 1967 and 1973 he administered a questionnaire in 72 countries and in 20 different languages. Hofstede identified five cultural dimensions: power distance (degree to which members of societies acknowledge that organizations distribute power unequally), individualism versus collectivism (degree to which people believe that they should be primarily responsible for themselves instead of to others), masculinity versus femininity (degree to which members of organizations value assertiveness and acquiring power, material goods and other resources), uncertainty avoidance (degree to which members of organizations do not tolerate unpredictability or accept uncertainty and risk) and long-term orientation.

For the characteristics of each dimension in managerial terms see Brijball Parumasur (2012).

Another model for the analysis of cultural differences is the Schwartz model (2008). The author defined culture as something that does not reside in the mind and in the action of individuals, but rather it is an external variable by which individuals, for the fact of living in a specific social context, are conditioned. The values identified by the author as determinants cultural differences are: power, personal success, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security.

Finally, the Globe Model - Global Leadership and Organizational Behaviour Effectiveness - (2004) in which from 1994 to 1997 were surveyed managers of companies considering several social and psychological variables such as attitudes, values and work objectives. The cultural dimensions identified in the study are: performance orientation, uncertainty avoidance, in-group collectivism, power distance, gender egalitarianism, human orientation, institutional collectivism, future orientation and assertiveness.

There are other contributions of analysis of culture as those proposed by Hall (1976)<sup>2</sup>, and Trompenaars and Hampden-Turner (1997)<sup>3</sup>, but they are quite far from a structured process of measurement. Some further frameworks about national culture can be attributed to Schein (1985), Steenkamp (2001), Adler (1980), Kluckhohn and Strodtbeck (1961).

Every culture is, therefore, a state of consciousness that shapes the way we perceive and decode the reality that surrounds us and that determines our “way of life” (Balboni, 2007) understood as the way in which we live and act, conditioned by this cultural repertoire that we carry within us. Each of us is, therefore, the result of this combination of factors, both personal and collective, that lead us to pay more attention to certain aspects of the world and neglect and / or ignore the others<sup>4</sup>.

A relevant factor that affects the cultures and the interaction between different cultures is the context (Herbig, 2003) understood as the set of cultural and situational factors involved in the various communicative exchanges. The greater the role of context in a given culture is, the greater is the difficulty for negotiators of other cultures in the transmission or acknowledge a message. A distinction is, therefore, between high-context cultures, where the environment has some significance, and low-context cultures.

In high-context cultures (such as China, Latin America, Southern Europe) the external environment, the situation and nonverbal behaviours are fundamental. Relationships are protracted, personal ties are very strong and you will invest significant amounts of time and energy in creating a relationship of agreement and trust with the other part. In contrast, in low-context cultures (United States, northern Europe) the emphasis is on the substance, on what is said and on facts. The environment, the situation and nonverbal behaviours are secondary; rather it is appreciated a direct style in which interpersonal relationships are of relatively short duration and the personal involvement hasn't a great importance. Table 1 summarizes attitudes of individuals belonging to each context culture.

**Table 1. Features of high context culture and low-context culture**

<i>Attitudes</i>	<i>High context culture</i>	<i>Low-context culture</i>
Overtone of messages	Many covert and implicit messages, with use of metaphor and reading between the lines	Many overt and explicit messages that are simple and clear
Locus of control and attribution for failure	Inner locus of control and personal acceptance for failure	Outer locus of control and blame of others for failure
Use of non-verbal communication	Much non-verbal communication	More focus on verbal communication than body languages
Expression of reaction	Reserved, inward reactions	Visible, external, outward reactions
Cohesion and separation of groups	Strong distinction between ingroups and outgroups. Strong sense of family	Flexible and open grouping patterns, changing as needed
People bond	Strong people bonds with affiliation to family and community	Fragile bonds between people with little sense of loyalty
Level of commitment to relationships	High commitment to long-term relationships. Relationship more important than task	Low commitment to relationship. Task more important than relationship
Flexibility of time	Time is open and flexible. Process is more important than product	Time is highly organized. Product is more important than process
Values and norms	Group conformity (collectivism), harmony	Independence (individualism), confrontation of conflict
Dress and appearance	Indication of position in society, religious rule	Dress for individual success, wide variety

Source: our elaboration

<sup>2</sup> Hall E.T. (1976), *Beyond culture*, New York, Anchor press, op. cit. in Guercini S. (2010).

<sup>3</sup> Trompenaars F. and Hampden-Turner C. (1997), *Riding the waves of culture: understanding diversity in global business*, second ed., New York, McGraw-hill, op. cit. in Guercini (2010).

<sup>4</sup> An example of different states of consciousness: the Eskimos see over 10 types of snow and have a specific name for each of them. Europeans, however, know a single type of snow and find it hard to think that there could be so many different snow.

## 2.2 *The customer relationship management*

In the marketing literature, starting from the 70s, the essential phenomenon of the marketing has been identified in the exchange of value for cash. In this context, defined marketing of transactions, the concepts of marketing were designed to encourage the exchange, and then to persuade customers to buy whatever they were old or new customers. This marketing approach, based on transactions, can operate in case of the company needs new customers. However, today more and more companies are often in a situation where keeping your current customers is as important as acquiring new customers.

It was claimed a new approach to the marketing based on the concept that buyer-seller interactions are important elements, because the way in which they are managed has an impact on the buying patterns of customers.

The decision to focus its attention on interactions between customer and producer allows the marketing expert to consider the customer not only as a person who occasionally buys in the company, but as a partner in a relationship<sup>5</sup>.

Relations between parties are considered the essential phenomenon of marketing; this is called the perspective of the relationship, in which greater importance is attributed to relationships that are believed could facilitate and support the transaction.

In the relationship marketing, the purchase choice depends to a certain extent by mutual influences in the interaction, for which there is an interdependence between the parties<sup>6</sup>.

Grönroos (1996) points out three tactical elements of a strategy based on the relationship:

- a) to find a direct contact with customers and other business partners;
- b) to build a database containing the necessary information about customers;
- c) to develop a system of customers-oriented services.

You can also identify three important strategic requirements of a relationship strategy:

- a. to redefine the activity as service firm and to identify the key element of competitiveness as a competition between services based on a total offer of service rather than just selling;
- b. to consider the organization from the perspective of the process management and not from a functional point of view;
- c. to create partnerships and networks to manage the entire service process.

In the literature on relationship marketing the concept of trust, commitment and attraction have an important role. Trust can be defined as the expectation that the other part, in a given situation, will behave in a predictable manner (Schurr and Ozanne, 1985). The concept of trust can be divided into four categories:

1. generalized trust: arising from the existence of social norms;
2. trust in the system: it depends on the laws, industrial regulations and contracts but also on the professionalism of the other part;
3. trust based on personality: it is based on the human tendency to rely on the fact that another person will behave in a predictable way according to the expectations derived from his personality;
4. trust based on the process: it derives from the experience of activities and contacts that have taken place over time in an ongoing relationship between the two parties.

Commitment means that one of the parties feels motivated to maintain relations with each other, as the enduring desire to maintain a valuable relationship.

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<sup>5</sup> This alternative is based on the concept that the essential element of the marketing is not constituted by the exchange itself, but from the fact that the exchanges take place in the ongoing relationships between the parties in such a way that customers receive the quality and value they require.

<sup>6</sup> The purpose of the marketing of relationships is to identify, consolidate, maintain, enhance, and where necessary, interrupt relationships with customers in order to achieve the objectives related to economic interests and other variables of all parties. This is achieved by a mutual exchange and the ability to keep your promises (Grönroos, 2010).

The attraction is finally something that makes a supplier attractive for a particular customer or vice versa. The attraction may be based on financial, technological or social factors.

It is still unclear which is the relationship between trust, commitment and attraction on the one hand and the development of commercial relations on the other; however, one gets the impression that the existence of trust in an economic partner and the engagement with that partner may have a greater weight for customers who attribute greater value to the relationship itself<sup>7</sup>.

In services, as in any other business relationship between two parties, the essential concept is the interaction. The quality of the relationship is perceived in the course of interactions that can be continuous or discontinuous. Maria Holmlund (1997) has developed a grid for the understanding and analysis of recurrent interactions. The grid consists of a continuous flow of acts, episodes and sequences, which constitute the relation.

The act constitute the smallest unit of analysis in the process of interaction (may include phone calls, visits to facilities, service requests). Acts may be related to all sorts of interactive elements, material products, services, information, finance or social contacts. Related acts, as a part of the relationship, are defined as an episode such as the payment of bills by the computer, a visit to the bank for a withdrawal.

Each episode includes a series of acts for example an expedition may provide acts from the telephone request until payment of the invoice. Related episodes constitute the next level of the analysis of the interaction process, ie a sequence.

The sequence can be defined in terms of period of time the packaging of a product, a campaign or a project, or a combination of the above. The final level of analysis, which has the highest degree of aggregation, is the relationship. Various sequences constitute the relationship. Sequences may follow, overlap or occur at shorter or longer time rangers. Through this method of splitting the interactive process it is possible to identify all of the different type of elements that constitute the interaction process and place them in the proper perspective to analyze the arising of a relationship over time.

### *2.3 The service management and its intercultural aspects*

There is no an universal definition for the word “service”. The idea of service marketing is very young in the specialized literature since it was developed only during the last century, in response to the incredible growth that the sector had in the world.

Services can be considered as an economic sector such as entertainment, public service, banks, gardening. Service refers to the set of activities, benefits and performance aimed at fulfill a need that at the time of the sale does not involve any exchange of tangible goods. More specifically, Pencarelli (2013) says that service management processes are the set of activities that must be carried out by the supplier using resources and competences to design, communicate, create and deliver value to the customer.

Services are defined according to four main features: the intangibility, the perishability, the inseparability (contextuality dispensing and use) and the heterogeneity.

Services play an increasingly important role within national and international economies<sup>8</sup>.

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<sup>7</sup> Numerous scholars have argued that commitment built on trust is essential for the effective functioning of marketing relationships and indeed, relationships cannot be created or managed without trust (Caldwell and Clapham, 2003; Moorman et al., 1993; Morgan and Hunt, 1994).

<sup>8</sup> The growing importance of the tertiary sector in the international arena (Herbig, 2003) can be attributed primarily to two factors: on the one hand, the change in lifestyles due to the economic well-being, the greater availability of leisure time or the entrance of women into the labor market, on the other hand, the worldwide changes because of the greater complexity of life, the ecological question and the variety and complexity of available goods on the market.

Culture, or rather the cultural transferability plays an important role in the internationalization of services as it can be a significant obstacle. For cultural reasons, in fact, some markets may be indifferent to certain services or to prefer some more than others.

Herbig (2003) provides a set of requirements needed to succeed in service marketing in the intercultural field: to be flexible in the offer, to adapt the service to local markets, to offer assistance, to check before you enter a market, the necessary infrastructure and their availability, as well as the existing restrictions, to take care of the foreign customer.

In this paper we will focus the attention on the services involved in the post-marketing process; in particular, we will talk about the intercultural implications of the customer assistance and the cultural dimension of the quality service.

The post-marketing process begins when the sale has been successfully completed. In an intercultural logic, the process of selling varies greatly in different cultures. As demands and needs of customers around the world varies depending on the underlying cultural rules, as well as the techniques to meet the specific needs and requirements vary, namely the techniques of personal selling. In high-context cultures it usually goes from the general to the specific: first outsiders are observed, we can then make acquaintance with them, and only after you have established a relationship of mutual trust will pass to the discussion of the business itself. Knowing the business partner from the beginning is definitely an advantage, as it prevents you could be tied to a long-term working relationship with unreliable people; high-context cultures engage in this stage a considerable amount of time unlike the low-context cultures, sometimes even avoid interpersonal relationships in the fear that they can influence their decisions interfering with their will. The low-context cultures go directed to the point, focusing on the most neutral and objective aspects of the business; also this certainly has advantages, since it prevents them from losing time with people who are not really interested.

The sales process is often influenced by religious or cultural beliefs as well as the present infrastructure or current legislation. The customs and traditions have their own significance indeed. Even the language, as in all intercultural situations, can create many obstacles.

The today's global economy requires global sales managers, or people able to look at sale activities by an international or global perspective. To be successful in the field of sales and sales force management it is therefore necessary:

1. to develop a sensitivity to the cultural level, identifying cultural differences and their potential implications for the sales process;
2. to be informed about practices in the field of trade of the countries with which we intend to treat and undertaking to obey them;
3. budgeting a slower sales cycle;
4. to find a compromise between an ethnocentric approach (which reflects the use of the same policy for the management of sales staff around the world), and a fully polycentric (ie the establishment in each country of the respective local practices)<sup>9</sup>.

A service involved in the post-marketing process is the customer assistance.

The term care services include customer service, training, warranties, manuals and instructions, installation, consulting, delivery and availability of spare parts. The service is a key component of the product as a whole, both for industrial goods both for durable consumer goods. Customer services are therefore an integral part of marketing, both in the domestic and international level. International assistance activities involves issues, including the dilemma between the opening of a customer service centre abroad with specially trained personnel and choosing a care provider or an independent local distributor.

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<sup>9</sup> An extreme version of the polycentric orientation involves the losing for the company of the opportunity to exploit economies of scale, as well as those resulting from a degree of standardization of its policies, practices and worldwide procedures (Still, 1991).

At the international level, customer services are a powerful competitive tool as they allow the company to consolidate and increase its customers abroad, with total revenues resulting increase.

Customer service is particularly important where the products of various foreign companies and their prices are perceived as substantially similar to each other, or if buyers have doubts about the actual availability of the foreign supplier to provide adequate assistance.

Through customer service international operators can increase sales, reduce costs, increase their market share and achieve a sustainable competitive advantage. Among the most effective services are the emergency expeditions, time delivery, information on the progress of the order and the frequent refueling.

The technical assistance service to the customer has always been considered a minor component of marketing, for companies it was either a looming necessary to placate consumers or a hen that lays golden eggs from which to draw forever. When a company exports a product that requires service after sales has four possibilities:

- to ignore the problem of care;
- agreement with local suppliers;
- any trained distributors to carry out maintenance and repairs;
- to send service personnel in the country in which exports or be prepared to provide the services at a distance from the country of origin.

Providing an appropriate technical assistance is, however, a problem in the international arena, on the one hand due to the variability of the need to provide the service according to the use and maintenance condition of the product and, on the other hand according to the company's presence in the international arena.

Most of the companies that sell abroad haven't branches in all the countries to which they export, in these cases they must rely on distributors, necessarily competent and able to provide the requested service.

In a qualitative analysis of the service, we mean the way in which a service is provided and the service is perceived by the consumer in relation to his expectations.

The quality can be defined in three ways: conformity to certain specifications (the quality of a given product or service depends on the extent to which this adheres to a variety of specifications of production laid down); subjective question (it is based on the assumption that different users have different needs, and since the various products are designed and manufactured to precisely meet the needs of users, the quality depends on the extent to which able to satisfy); excellence innate (as styles and tastes may vary, the quality is something immutable that is present in all great works and that makes them a reference model used to evaluate all others).

Essentially we use the word quality to indicate the degree to which in their own individual perception of a particular product or service comes close to an ideal of excellence, that is, if customers consider that a given product or service is able to offer them certain advantages repeatedly and to a certain extent, they will consider it as a quality product.

In the literature on services marketing the interest in the service quality was introduced in the 80s (Gronroos, 1984) with the concepts of perceived service quality and total perceived quality model.

The 4 Q model of offering quality (Gummesson, 1993) considers both goods and services. This model compares customer expectations, experiences and company's image and brand to customer perceived quality. Perceived quality has two sources: design quality and production and delivery quality. The results of production and delivery quality are relational quality and technical quality (Baccarani et al., 2010).



Globally the concept of service quality is even more difficult to define, since in each culture exists a different conception of service quality. The economy, however, can play an important role in the quality service: in developing countries, for example the customer is willing to accept a lower level of service as it can not afford higher standards. The same way when a country is in a serious financial crisis, the population eliminates all the unnecessary and take its decisions almost exclusively based on price rather than quality and other characteristics such as resistance (Linan, 1996), in markets such as these it become imperative to meet the essential needs of lowest price possible.

### 3. Methodology

As said in the introduction the objective of this paper is to show the intercultural implications of the customer care analyzing three case studies.

Methodologically, we used a multiple-case study analysis. “Multiple cases should be considered like multiple experiments (or multiple surveys). Under these circumstances, the methods of generalization is analytic generalization in which the previously developed theory is used as a template with which to compare the empirical results of case study. If two or more cases are shown to support the same theory, replication may be claimed” (Yin, 2003).

In accordance with the strategy of multiple-case research strategy, in this study we decided to analyze three cases of international firms operating in the province of Pesaro and Urbino<sup>10</sup>.

The survey has been conducted through a semi-structured interview with the sales manager of the companies. In this case, the interviewer had a track that illustrates the issues faced during the interview. He was free to set the conversation at his pleasure within a certain subject, ask for clarifications and explanations when it seems to be necessary (Corbetta, 1999). Once the interviews were conducted, recorded and transcribed, they were analyzed and interpreted in order to present the results. The presentation of results is carried out according to a narrative perspective or through the story of episodes and the description of cases often using the same words of the respondents not to alter the material collected and transmit the immediacy of the situations studied (Eisenhardt and Graebner, 2007).

The cases reported concern a furniture manufacturing company, a company that produces and sell heat exchangers for domestic boilers and a firm that sell equipment for agricultural irrigation.

The furniture manufacturing company is located in the province of Pesaro and Urbino and its main activity is to realize wood furniture. It is a small family business and it has twenty employees. Following a sharp contraction of the demand in the domestic market and the advent of large retailers, the company has decided to look for markets compatible with the product it offers. The focus was therefore on foreign markets, avoiding adaptation policies markets too expensive and impractical for the small family business, represented by the Russian a Chinese market.

The company that produces heat exchangers for domestic boilers is located in the province of Pesaro and Urbino too, but it has a greater number of employees, about 150.

The firm exports in all Europe and mainly in China, Iran and Turkey. For export their product they must comply with European legislation (PED) because these products that can endanger the human life. This legislation was also adopted from foreign countries then with the same rules the firm can sell in every country except the United States<sup>11</sup>.

Also the company that sells equipment for agricultural irrigation is located in the province of Pesaro and Urbino and it has about 200 employees.

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<sup>10</sup> Case studies were chosen according to their availability to be interviewed.

<sup>11</sup> In the United States there is a standard called UL which is much more restrictive than the PED.

The company's internationalization was mainly a natural process. It is one of the few companies in the world that has equipment for irrigation farms and the request for these systems is strong everywhere, and in time it has reached a high degree of internationalization of its markets. The firm exports in 106 countries including all Europe, lots of American Countries, Asia, Africa and Middle East. The mainly foreign countries are France, Germany, Russia and Australia.

It appears that China and Russia are markets served by two firms. Other foreign markets involved are Turkey, Iran, France, Germany, and Australia.

In the next section, we will illustrate intercultural aspects and managerial implications that have affected examined companies in exchange relations undertaken with foreign customers. We also try to delineate the features of the national culture through the Hofstede model.

## **4. Results and discussion**

### *4.1 The furniture manufacturing firm*

We have interviewed the entrepreneur and he told us that 90% of the furniture manufacturing company's turnover is generated by the Russian market.

The firm decided to offer its products to this market because of the entrepreneur understood that while a large part of the consumer landscape skewed towards the industrialized modern furniture with a simple image, in some other markets there was a strong demand for the classic traditional product with high quality features. Since the company produces furniture exclusively of wood, an important feature for this market, the manufacturing and the quality of the material have an added value that is being lost in the domestic market.

It is clear that an important aspect has been the cultural innovation of the entrepreneur who has grasped the importance of cultural differences between countries. "If the first step was to enter the market with a product that is close enough to their preferences, the next step was to make arrangements with the product in accordance with their expectations crossing the beautiful of Made in Italy products with the need of customers with strong purchasing power".

Another important aspect of exporting in foreign countries is the trust in the customer relationship management. The trust is gained day by day: first of all you conquer your partner giving everything he wants, and respecting what you promised. To do this, the business system provides, in all the projects on commission, all relevant documents from the design stage. When the customer sends the countersigned offer and the first transfer, the company delivers the product on time. Relations with new markets are initially constructed by the personal knowledge of the entrepreneur, then he proceed to the construction of the commercial network.

In Russia the company has 2 agencies for the product series and 1 for contract. With regard to the commercial network, the company is in administration and accounting with Italy, while at the operational level with local agents. The cultural issue, therefore, is reduced by the interface between Italian agencies and agents on site. Agents are personally selected by the entrepreneur.

The furniture manufacturing firm exports its products in the Chinese market too; in particular, 10% of its turnover is generated from this market.

In the Chinese market, the company offered only serially produced products because there are very long delivery times due to excessive time span for the transportation and customs clearance. However, the company made a wrong analysis of the Chinese market because the

serially produced in China suffer from high institutional constraints, impossible for a small family business. The right choice was therefore to offer only products made on the project. Regarding on the sales network, the firm has just an agent in China.

Also in this market, trust is an important aspect transmitted at the exchange ratios. Other aspects concerning payments and post assistance are managed in the same way as the Russian market.

#### *4.2 The heat exchangers for domestic boilers manufacturer*

The sales manager of the firm during the interview reported that 70% of the firm revenues is generated by export activity, of which 50% is from the Turkey market and the rest between Iran and China. These are the most important markets because Europe is a saturated one, a market where everyone has the boiler and then what you sell is the replacement and because there are policies to reduce emissions in order to protect the environment and that encourage customers to buy them. However, Turkey, Iran and China are countries that are becoming very rich and the middle class is growing and it has purchasing power.

Last year, the Chinese government has allocated a considerable amount of money aimed at reducing emissions because nowadays more than 1 million Chinese a year die from pollution problems. So the local producer which creates these low-emission systems, or components with low emissions, receives an incentive from the government. It thus represents a new market and disproportionate. All the major European groups are going there, have already the factory in China in order to produce and to sell to Chinese.

As said before, the company in order to sell its product abroad has to comply with European legislation (PED) because these products can endanger human life. This legislation was also adopted from foreign countries, then with the same rules the firm can sell in every country.

In Europe, Turkey and Iran, the company usually sell 3 power boilers. In China, as the apartments are much smaller than ours, they need less power and then the firm sell a boiler less powerful.

Regarding the construction of sales network, the company must find people selling or other components of the boiler or builders, they are either non-exclusive agents or distributors. In Turkey, the company has a direct presence, while in China and Iran it has distributors who also sell other components. More investment is the participation in commercial fairs.

Culturally, Turks are very close to Europeans but also likely to deceive.

The Iranians have very strict ethics, “they have the word of honor”. The Chinese, “exhausts you in price negotiations”. If a European negotiate for price, service, delivery, quality, a Chinese strive only for price and not caring about services and quality.

Another important aspect is that foreign customers pay everything in advance. The only relevant thing and should be taken into consideration is Iran, a country that has an embargo by the U.S. and Europe. The sales management is a little complicated because the customer can not make out the money from the country, so he must rely on foreign banks. In China, if you face your product with a Chinese manufacturer it is a suffering because Chinese promote the local producer, indeed if the local producer sells in Europe, he is granted a tax refund, the government covers part of the cost incurred by the company in order to sell in Europe. So the Chinese government encourages the export and the domestic market while you exporter has a duty of 18% and will not sell ever. The firm can sell in this market because it offer an innovative product that Chinese are not able to realize.

Learning about the culture of foreign customers in exchange relations is very important. Each country has a culture in itself. The Chinese focuses all on the relationship. When you start the business with a Chinese customer you always have to go visit him, to go to dinner with him where it takes you to toast, shake hands, make the usual photo to start a consolidated

relationship. The Iranian is a real gentleman, keeps his word, signing the contract, keeps it from beginning to end without an eyelash batting. The Turkish is always looking for more discounts and better terms and tries to deceive you.

Regarding the assistance service, at the European level when you supply this product, you must attach a sheet of compliance on any lot you deliver (the so-called PED) and a manual of use and maintenance.

The quality is fundamental because it works with big clients and because the article you provide is dangerous, so much so to ensure the product that you sell. The assistance is mainly to understand what happened to a defective product, and it is usually done in laboratories of the client and of the firm to look for a solution together. Defects are divided into two types: production defects, the customer stops the product and sends it back, and in a few days the company must guarantee it. The second is the functional defectiveness namely that it has a defect that you can view in the time of assembly. It is important to check these errors because the client makes you pay both the piece that you need to replace both the service assistance.

#### *4.3 The firm producing equipment for agricultural irrigation*

In this case we have interviewed the export manager. He referred that 75-80% of the corporate turnover comes from foreign markets, in particular from France, Germany, Russia and Australia.

In this sector, each country has its own needs given the particular characteristics of the machine: for example, east countries buy standardized equipment without too many accessories while more developed countries buy machines technological equipped.

For example in Europe they are usually computed and full-accessorized. Russians, on the contrary, buy machinery very large, but very simple and not equipped, since they have a large amount of manual labor. In Australia, in general, the company sells products 99% full accessorized, "Australians spare no expense".

In addition, you can easily see how in any country people uses machines of different sizes that fit the needs of local farmers. The needs of each country then vary according to the geographical areas (depending on type of soil, slope, size of the parcels, etc).

In general, if the customer has particular needs, the firm is easily capable to customize the product required.

The sales network consists for the most part by retailers (or big dealers of agricultural machinery and companies specialized in irrigation) and some agents.

The retailer provides the installation, technical assistance, reliability and spare parts available. If there are problems during the period of warranty, the manufacturer sends their technicians, spare parts and components. In addition, in special cases, or important committed, the manufacturer directly involved in it.

The firm has also an after-sales office that manages technical problems and warranties.

Learning about the culture of foreign customers in exchange relationships is essential, it is important to respect the local customs, which may change according to the religion and traditions. For example, in Russia during meal it is custom thank customers and suppliers standing up, making a short speech and toasting with a "tost". Another example are Islamic religious countries, where the negotiation between customer and supplier is sacred and necessary, "it is a kind of sealing of the sale". According to the export manager Islamic countries are those which require more attention and care.

Trust is the major component in the exchange relations with foreign markets, it is equally as regards to payments. The company has loyal foreign customers to which it grants delayed terms of payment, but normally foreign customers pay in advance (above all for countries outside the CEE).

## 5. Conclusions

The objective of this paper was to show the intercultural implications of the customer care. The Literature (Grönroos, 2009) underlines that we are moving to a new competitive situation that we can describe as competitive of services.

We conducted a multiple-case study analysing three business cases of international companies located in the province of Pesaro and Urbino through a semi-structured interview with the sales manager of the firm (Table 2 summarize some relevant aspects emerging from the case studies).

Interviewing the entrepreneur in the case of the furniture manufacturing firm, the sales manager of the heat exchangers for domestic boilers manufacturer and finally the export manager of a firm producing equipment for agricultural irrigation, we tried to understand how these firms manage their customer in each foreign country.

Results show that in the case of the furniture manufacturing firm (exporting in China and Russia) one relevant aspect is the cultural innovation of the entrepreneur which understood that the global market was changing so he chose not to modify his business but to find the most suitable market for his product. This implies that the entrepreneur accepted the challenge of the intercultural service management.

The firm that produces heat exchangers for domestic boilers exploits the European regulations, which has been acknowledged by other foreign countries to sell its product to extra-ue countries (Turkey, Iran and China). The enterprise sells the same type of product to all countries except for China which requires a less powered one. Also this case study accepted the challenge of adapting the domestic culture to foreign cultures.

The equipment for agriculture irrigation producer has a word wide presence (it is one of the few companies in the world that these products and there is a strong request everywhere) and the main foreign markets are Germany, France, Australia and Russia. It sells a simple product to Russians and a full accessorized and computerized product to Australians and Europeans.

Behind the international approach, there is a vision global-local, except for the firm producing equipments for agriculture irrigation which adopt a local-local approach. Analysing these three firms, it emerges that they have some aspects in common.

More than half revenues of these companies are generated by foreign market sales, so the contribution to their sustainability is fundamental. Interviewed reported that “internationalization has supported the company from the financial point of view as foreign customers pay before the withdrawal of the product”, this is a relevant aspect, above all for small family businesses.

Just the firm producing furniture recourse for its sales network to agents, while the sales networks of other two firms is bases mainly on retailers.

All the cases reported are aligned and have grasped the requirements to succeed in marketing services (Herbig, 2003) adapting the service to local market and offering assistance, in brief taking care of the foreign customer.

As said in the theoretical background, international assistance activities involves issues, including the dilemma between the opening of a customer service centre abroad with specially trained personnel and choosing a care provider or an independent local distributor. As a matter of facts, small enterprises are not able to open customer service centres in each country they export; in all the case studies the retailer provides assistance service to customers.

In terms of service quality, we found that all three firms based their competitive advantage on the service quality offered. Almost all foreign markets are careful about this feature (such as Russia and Australia) while other markets pay more attention to the price and discounts

(such as Iran and China) even if they consider the technical assistance of the producer a relevant aspect.

Another aspect that the three cases have in common is the term of payment, foreign customers pay in advance the product required.

**Table 2. Relevant aspect emerging from the case studies**

<i>Aspects</i>	<i>Furniture manufacturing firm</i>	<i>Heat exchangers for domestic boilers manufacturer</i>	<i>Equipments for agriculture irrigation producer</i>
<i>Why become international</i>	Saturation of the domestic market	Saturation of the European market	Natural process
<i>How become international</i>	Same product to different foreign markets	Same product except to China	Different product for different market
<i>Main foreign market</i>	China and Russia	China, Iran and Turkey	France, Germany, Russia and Australia
<i>Sales network</i>	China: 1 agent Russia: 2 agency for serials 1 for contract	Turkey: direct presence China and Iran: retailers	Retailers
<i>Assistance service provider</i>	Dealer	Retailer	Retailer
<i>Keyword of the customer relationship management</i>	Trust and commitment	Trust, commitment and price	Trust and respect
<i>International approach</i>	Think global, act local	Think global, act local	Think local, act local
<i>Degree of attention to intercultural aspects</i>	High	High	High

Source: our elaboration

Regarding the Chinese market, it is interesting to note that two firms confirm the presence of high institutional constraints; it appears that the Chinese government promote local producers and helps them (granting a tax refund) in selling abroad.

As regards to the Russian market, it emerges that on the one hand customers buy standard product, that are simple and not equipped (such as for the purchasing of equipment for agricultural irrigation), on the other hand they have a taste for the requested product, a traditional and high-quality one (in the case of furniture).

During the interviews we also tried to delineate the features of the national culture through the Hofstede model.

The entrepreneur of the furniture manufacturing firm thinks that both China and Russia are countries characterized by a high power distance and by a collectivistic society. Russia is femininity society where women have important positions in companies, while China is a masculinity one. Furthermore, Russia is a country that has a higher level of uncertainty avoidance and long-term orientation than the Chinese country.

According to the sales manager of the heat exchangers for domestic boilers manufacturer China, Iran and Turkey are featured with the high power distance. These are countries that, as they are growing fast, they are not obsessed by the uncertainty, rather they are interested by changes even if they do not reveal emotions. China and Iran are also purely collectivistic society because they do not look to the interaction and teamwork, except for Turkey. Regarding the social differences between sexes, the sales manager says that women play important roles featured by power and autonomy within the company. In the social context they are treated differently. "In the workplace the woman is westernized, but she is traditionalist in the country system". In China there are no major differences in sexes. These

countries, despite of their fast growth, are not all long-term oriented: China has a long-term orientation, while Iran and Turkey have a short-term orientation<sup>12</sup>.

The export manager of the company producing equipments for agricultural irrigations considers that France and Russia are featured by high power distance while Germany and Australia have a low power distance. The Russian society is collectivistic while the Australian, France and Germany are individualistic ones. According to the export manager, France and Russia are femininity society, while Australia and Germany are masculinity ones. In fact, he says that most important Russian customers are women. Concerning the uncertainty, France and Russia are obsessed by it, while Germans and Australians are interested in changes and news. The interviewed confirm that all four countries have a long-term orientation.

In brief, regarding the Hofstede model (Table 3), in particular with the foreign countries in common (China and Russia), respondents have the same opinion.

In general, the thought of interviewed are quite aligned with the primary results obtained by Hofstede.

**Table 3. Interviewed opinion about country culture**

	<i>Power distance</i>	<i>Individualism vs Collectivism</i>	<i>Masculinity vs Femininity</i>	<i>Uncertainty Avoidance</i>	<i>Long-term Orientation</i>
<i>China</i>	A. High B. High (High)	A. Collectivism B. Collectivism (Collectivism)	A. Masculinity B. Masculinity (Masculinity)	A. Low B. Low (High)	A. Short B. High (Short)
<i>Russia</i>	A. High C. High (High)	A. Collectivism C. Collectivism (Collectivism)	A. Femininity C. Femininity (Femininity)	A. High C. High (High)	A. Long C. Long (Long)
<i>Turkey</i>	B. High (High)	B. Individualism (Collectivism)	B. Masculinity (Femininity)	B. Low (High)	B. Short (Short)
<i>Iran</i>	B. High (High)	B. Collectivism (Collectivism)	B. Femininity (Femininity)	B. low (Low)	B. Long (long)
<i>France</i>	C. High (High)	C. Individualism (Individualism)	C. Femininity (Femininity)	C. High (High)	C. Long (long)
<i>Germany</i>	C. Low (Low)	C. Individualism (Individualism)	C. Masculinity (Masculinity)	C. Low (Low)	C. Long (Long)
<i>Australia</i>	C. Low (Low)	C. Individualism (Individualism)	C. Masculinity (Masculinity)	C. Low (Low)	C. Long (Long)

Legend:

A = The furniture manufacturing firm

B = The heat exchangers for domestic boilers manufacturer

C = The firm producing equipment for agricultural irrigation

() = Hofstede Study<sup>13</sup>

Source: our elaboration

Concluding internationalized firms must be aware and take care of cultural differences of their markets and their foreign customers. This is an extremely important condition to success in the global market and to adequately respond to the customers' needs and preferences.

It is immediately to understand that managing the knowledge of the culture of others is a key to success in global markets. It is in fact also the cultural background that determines the reaction of a market to products and business proposals.

<sup>12</sup> Namazie's findings (2003) indicate that Iranian national culture has been coming closer to western culture on three dimensions but not collectivism and long-term orientation. That could indicate how the revolution and the Iran-Iraq war have influenced some aspects of Iranian national culture, an effect which is called by Iranian leaders the "Cultural Revolution" (Sadri and Sadri, 2008).

<sup>13</sup> The word in red show the differences between the opinion of the interviewed and the Hofstede model.

Without cultural awareness it is impossible to be effective in an international context. In this context, it is also of extremely relevance the relationships management with customers.

On the website of the International Center of Competence ([www.cicb.net](http://www.cicb.net)), which deals with intercultural competence it is defined as "the ability to communicate successfully with people from different cultures." It is not a coincidence that a few years ago in business studies has been paid much attention to intercultural aspects: the business negotiation is in fact a moment of encounter and negotiation in which people from different cultures with different attitudes and behaviours come into contact<sup>14</sup>.

It is fundamental that successful sales managers develop a sensitivity to the cultural level, identifying cultural differences and their potential implications for the sales process. They should also be informed about practices in the field of trade of countries with which they intend to treat. We consider that the three sales managers interviewed adequately respond to required characteristics to successfully manage overseas sales.

All case studies reported in fact the importance of the relationship with foreign customers, focusing it on trust, commitment and respect.

We have seen that a relevant key to success in foreign market is service, in terms of quality offered and in term of service assistance. In addition, from the point of view of interviewed it emerges the critical role of the perceived service quality, as high production and delivery quality, have a positive effect on the technical and relational quality (Gummesson, 1993); so customers have a good perception of the service quality offered. The firm have to care about the foreign customer, helping him when he has problems or providing spare parts.

The quality concept in terms of excellence innate emerges clearly in the case of the firm that produces wood furniture, designed by Italian designers.

The quality in terms of subjective matter emerges in the firm that produces and sells equipment that better fit to the needs of local farmers.

The customer assistance in terms of warranties, manuals and instructions (that is conformity to certain specification) emerges in the case of the heat exchangers and domestic boiler manufacturer in which a prerogative for exporting its products is to attach a sheet of compliance (the so-called PED), the manual of use and maintenance on any lot that it sells.

As the concept of service differs according to the culture of origin, we propose to add to the Hofstede model the service perception as a new dimension to analyze the national culture.

In this way, a firm that has the intention to sell in a new market could get information about what customers expect from it in terms of service.

However, the study present some limits, such as the reduced number of case studies. We could interview other firms, belonging to different sector or different size, in order to identify more features of the intercultural customer management. We could also deepen the characteristics of national culture and try to understand how foreign markets see the Italian firms and the Italian culture. In this way, firms could get useful information to improve their activity and services offered.

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<sup>14</sup> Intercultural competence is a prerequisite for every possible type of human relationship and is applicable only if there are, apart from sociolinguistic knowledge, the sensitivity, the understanding and the empathy towards other values and different ways of thinking and acting.



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