How Can Place Brands Break Through the Culture and Gain Consumer Acceptance in the Host Country?

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Abstract. In the current context of global economic integration and cultural diversification, cultural exchanges between regions are becoming more frequent, and cross-cultural integration has also become a hot topic in academic circles. A large number of studies have shown that cross-cultural integration strategies can help multinational companies better "walk into" the host country market and gain the recognition of local consumers. However, most of the existing cross-cultural fusion is concentrated in the international management of enterprises, and there is less research on the development of cross-cultural fusion strategies for place brand internationalization. In view of this, this paper explores the structural connotation of cross-cultural fusion strategies in place brand internationalization and its impact on consumer acceptance in host countries.

1 Introduction

In the context of increasingly frequent political, economic, and cultural exchanges in various countries, building a brand with culture, evoking positive perceptions of consumers in the host country, and becoming a breakthrough in brand internationalization [1]. Compared to product brands, Rainisto believes that the core competitiveness of place brands is to establish the identity of the region[2], and culture can give a region a unique external attraction[3]. For example, German brands give a rigorous cultural impression, Japanese brands have refined and affordable cultural characteristics, and French brands are full of romantic cultural elements. However, when place brands enter the host country market, they inevitably face the problem of outsiders disadvantages.[4] That is, compared with foreign brands, consumers in the host country prefer local brands, especially when the brands of other countries come from poor and backward areas, the negative impact of this "outsider disadvantage" is more prominent. Even if they are from the same developed country, transnational operations of brands in different industries may still have very different effects. American-style fast food is very popular in China, but the promotion of the US Internet in China is difficult. Some scholars pointed out that the success of KFC and McDonald's in China benefited from the integration of the cultural characteristics of the host country and the establishment of a brand image consistent with the characteristics of the host country[5]. Correspondingly, some scholars believe that Google's failure in China stems from cultural conflicts[6], Yahoo's sad departure is another manifestation of failed cross-cultural integration[7]. In summary, we find that cross-cultural integration strategies help place brands better adapt to the host country market and gain consumer acceptance in the host country.

2 Literature review

2.1 Place Brand Internationalization

Keller first introduced the concept of a place brand in 1998—when a region (country, city, etc.) is branded like a product or service, then the region is called a place brand [8]. Rainisto believes that the core competitiveness of a region is to build the uniqueness of place brands, which can
establish identity in the minds of consumers [9]. Brand internationalization refers to the strategic planning at the brand level in order to better respond to the challenges of the international market when the company conducts transnational operations. It specifically involves the brand name, brand visual effects (color, logo), brand personality, etc [10]. Rui Guo et al. believe that the biggest difference between brand internationalization and corporate transnational operation is that brand internationalization focuses more on establishing brand awareness, acceptance and emotion in consumers’ hearts in other countries. Internationalized brands need to be based on the host country’s institutional environment (Legal regulation, social norms, cultural awareness) to develop strategies to gain the trust of local consumers [11]. In summary, place brand internationalization refers to a series of strategies and measures adopted by place brands to better enter the host country market and gain the trust and acceptance of local consumers.

2.2 Cross-cultural integration

The term culture was first proposed by social anthropologists. After that, some scholars extended the explanation of the content of culture by combining the characteristics of their own disciplines. Some scholars have suggested that brand culture is mainly composed of brand material culture and spiritual culture, with spiritual culture as its core. Brand culture can reflect the corresponding place and social cultural characteristics [12].

Organizations have their own unique cultures, and when there is communication between organizations, both conflicts and convergences can occur [13]. Eliminating cultural conflicts between home and host countries, merging cultural differences between the two countries, and establishing a new corporate culture are becoming increasingly important for companies engaged in transnational operations [14]. Adler proposed the cross-cultural integration refers to understanding, respecting, supplementing, and coordinating the cultural differences on the basis of recognizing the differences between different cultures, thereby forming a brand new organizational culture that has stability and Hybrid advantage [15]. Gu Weiping and Xue Qiuzhi believed that cross-cultural integration refers to the development of a harmonious new management model based on the cultural characteristics of the host country through cross-cultural communication and understanding [16].

Among the many definitions of cross-cultural integration, we can find that cross-cultural integration has the following characteristics: First, it is innovative. The ultimate goal of cross-cultural integration is to create a new integrated culture that absorbs certain characteristics of the cultures of the two countries and enables relevant organizations to better adapt to the host country environment. The second is communication. Through exchanges, we can understand the similarities and differences between the cultures of the two countries, and then debug the most appropriate new culture according to local conditions. The last is harmony. Cross-cultural integration does not refer to the annexation of weak cultures by strong cultures, but to seek the balance between the cultures of the two countries and create a harmonious third-party culture.

3 Proposal of Cross-cultural Integration Strategy

Existing literature rarely studies cross-cultural integration strategies separately. Scholars generally associate them with cross-cultural adaptation, cross-cultural identity, cultural conflict, and cultural differences. They believe that cross-cultural integration strategies are a means, and its purpose is to allow multinational enterprises or the brand gains cross-cultural adaptation or cross-cultural identity, reducing cultural differences or conflicts between the two countries.

Therefore, based on a review of the literature, this article proposes the following three cross-cultural fusion strategies: Cross-cultural convergence strategy, Cross-cultural compatibility strategy, and Cross-cultural innovation strategy.

The strategy of cross-cultural convergence is to integrate the culture of the host country as much as possible when the company conducts cross-border activities, so that the merged culture will be the same as the culture of the consumer's country. Guo Hong proposed that when the cultural
differences between the two countries are obvious, adopting localization strategies can help
multinational companies better adapt to the host country market [17].

Cross-cultural compatibility strategy refers to the strategy of coexistence of cultural
compatibility between the two countries when the place brand enters the host country market. In
other words, when consumers purchase products under the place brand, they can feel that the
product, brand or company with the cultural characteristics of the place brand’s location, as well as
the cultural elements of its own country.

The cross-cultural innovation strategy refers to the fact that when a place brand enters the host
country market, it has neither obvious cultural characteristics of the production place nor obvious
host country cultural characteristics. It has creatively developed a brand new culture that fits the
consumers of the host country. This new culture is mainly to construct a framework for the
interaction of all parties in the society. The framework mainly contains a new social and cultural
background, such as norms, beliefs, and cognition.

4 Conclusion

This article can provide some guidance and suggestions for the place brand internationalization
strategy, make it more adapted to the host country's social and cultural environment, and better gain
the trust and acceptance of local consumers. When there is a clear conflict or contradiction between
the local brand ’s culture and the host country ’s culture, a cross-cultural compatibility strategy can
be adopted. By integrating with the host country ’s culture, consumers can’t perceive the conflicting
point of their culture, resulting in a kind of no difference cultural cognition, and then causing brand
trust and brand acceptance. When the difference are not large, and the conflict is not obvious,
cross-cultural convergence strategy can be adopted. When the place brand's local cultural
characteristics are not obvious or its home country culture itself is in a weak position, a
cross-cultural innovation strategy can be adopted to build a new culture and pass it on to consumers,
so that consumers can generates trust and acceptance.

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