

Cultural competence: The missing piece of relationship marketing

Mario V. Norman, Ph.D., Clayton State University

Alphonso Ogbuehi, Ph.D., Clayton State University

Abstract

Many markets are becoming increasingly culturally diverse. In these markets, businesses are challenged to understand the culture of diverse populations. There have been several recent incidents where businesses simply missed the mark in attempting to market to these diverse markets. Although well-intentioned, the usual colorblind, or “I don’t see color” approach fails to recognize the continuing significance of biases in society. Cultural competence may serve as a solution to combat these biases. It is widely regarded that cultural competence is a fundamental requirement for working effectively with culturally diverse people. Cultural competence has received much attention in several disciplines such as nursing, education, and psychology; however, cultural competence has received limited attention in the field of business. This paper discusses the benefits of cultural competence in relationship marketing.

Introduction

Many markets are becoming increasingly culturally diverse as a result of migration and globalization. In these markets, businesses are challenged to understand and address the needs of diverse populations. This diversity requires businesses to be aware of their customers’ cultural desires and to be able to provide them with culturally congruent products and services.

Over 120 million in the U.S., multicultural Americans are a large, young and growing segment. In fact, multicultural consumers are the fastest growing segment of the U.S. population and were responsible for 92% of population growth between 2000 and 2014, according to the U.S. Census Bureau. With this rise in population, African-American, Asian-American and Hispanic consumers collectively are influencing a variety of product categories and industries (Nielsen, 2017).

Businesses are motivated by profit opportunities. In the U.S., the combined spending power of Hispanics, Blacks, Asian Americans, and multiracial American communities is larger than the gross domestic product of many global markets, such as Brazil, India, Spain, Russia, Australia and Argentina (Bowman, 2015). In order for businesses to capture this market, business need to close the gap between the considerable spending power of people of color and the lack of

understanding of these groups. To increase the knowledge of trends, behaviors, values and attitudes of people of color, brands need not to rely on databases that reflects only the majority (White) population. Punchline

Advertising with people of color has made significant strides over the past decades. Native Americans were depicted as caricatures or used in punchlines in advertisement for decades. These practices continue to persist in mascots and logos to this day. Currently, famous people of every race are used to promote many products of every consumer lifestyle. Black figures are no longer subjected only to the background. For example, the revitalization of the Old Spice brand. Old Spice created an ad campaign around Isaiah Mustafa, a Black male with an aspirational image of the male ideal. As unforgettable as the ads are, they are not free of the legacy of bias – the Black man as the sexy, shirtless epitome of virility (Bowman, 2015). However, the well-known movie *Mandingo*, released in 1975, was advertised similarly. The movie poster for *Mandingo* was presented as an example of Black male virility and threat.

This demonstrates that strides have been made, but there is much more to learn. For example, Nivea's "White Is Purity" tagline in 2017. What does this say to other consumers who are not White? Moreover, the Heineken commercial, released in 2018, where a fair-skinned bartender slides the beer past a dark-skinned Black man at the bar, under a dark-skinned Black man playing a guitar and past a dark-skinned Black model before reaching the racially ambiguous, light-skinned woman in the distance and the words "sometimes lighter is better" pops up on the screen. In addition, the H&M online advertisement, also released in 2018, featuring a dark-skinned Black child modeling a sweatshirt reading "Coolest Monkey in the Jungle." The point of depicting Black people as monkeys has an undeniable history that relies on the idea of Black people being inherently inferior to White people.

Even brands with the best intentions sometimes make errors with cultural insensitivity. For example, Dove, the skin care line, which promotes an inclusive notion of beauty released an advertisement in 2017 where a Black woman removing a brown shirt and appeared to transform into a White woman removing a similar shirt. This ad was interpreted as the product removing dirt and cleansing, with the Black woman being the "before" and the White woman being the "after."

Objective

The purpose of this paper is to connect the ideologies of cultural competence to possibly provide solutions to an ever-changing marketing industry targeting diverse markets. The second purpose of this paper is to contribute to the body of knowledge regarding the critical need of cultural competence in all aspects of business. Lastly, this paper aims to stimulate further investigation and discussion of critical factors that contribute to the cultural competence in all aspects of the business industry.

Colorblindness

In comparison to the discipline of business, issues of diversity are discussed more robustly in other fields, such as education, healthcare, and psychology. Perhaps the broad discipline of business uses the colorblindness approach with less focus diversity issues. In this approach, conceivably biases could be reduced if people were asked not to consider one's race or other demographics, such as gender or age when considering a person. If this is the case, the idea is that people should be assessed according to their abilities, talents and contributions, and their group membership should not factor into one's thoughts about others. This is the rationale behind the colorblind approach. It suggests that people don't see color or other group-membership demographics. The colorblind approach suggests that people would only be assessed on their qualifications and merits. In this way, biases should decline because it no longer would be considered by institutions and individuals in their evaluations of members from marginalized groups.

Although well-intentioned, the colorblind approach fails to recognize the continuing significance of biases in society. Moreover, by saying that one's race, gender, etc. doesn't matter, when in fact it does, relegates the marginalized individual to a permanent position of diminished status. Colorblindness, proposes that differences between groups of people should not matter, and that we all should be equal in regard to treatment, opportunity, and outcomes (Rosenthal & Levy, 2010). Colorblind ideology can make individuals who are not in the majority feel unaccepted when their distinguishing aspects are valued by them but not valued by others (Aragón, Dovidio, & Graham, 2017).

Colorblindness might arise from intentions to be sensitive to everyone's needs, but for women and people of color who are questioning their sense of belonging, language and cues of colorblindness raise concerns. When a leader emphasizes to his or her employees that race does not matter, the assertion stands in stark contrast to reality. All employees need do is look around to see that they really are present in low numbers in most of these environments.

Cultural Competence

There are a number of conceptual models that have been developed to describe cultural competence elements. Generally, cultural competence is the ability to work and communicate effectively and appropriately with people from culturally different backgrounds. Cultural competence is an ongoing process, not an endpoint event, meaning that competency capability can be continuously enhanced over time. A few of the models are discussed below.

Arasaratnam and Doerfel (2005) offers a model that identified empathy, experience, motivation, active listening, and positive attitude toward other cultures as contributors to intercultural communication competence (ICC). Empathy was defined as the ability to participate in cognitive and emotional role-taking behavior (Arasaratnam, 2006; Spitzberg & Cupach, 1984). Experience was defined in terms of a number of dimensions, such as experience living abroad, traveling abroad, specific training in intercultural communication, and close personal

relationships with people from other cultures. Listening was defined as interaction involvement (Arasaratnam, 2006; Cegala, 1981), cognitive and behavioral engagement in a conversation. Attitude toward other cultures was defined as a positive, non-ethnocentric disposition toward people from other cultures (Arasaratnam, 2006). Finally, motivation was defined as the desire to engage in intercultural interactions for the purpose of understanding and learning about other cultures (Arasaratnam, 2006). It has further been established that ethnocentrism, the belief of superiority is one's personal ethnic group, plays a strongly negative role in ICC (Arasaratnam & Banerjee, 2011).

Sue (2001) provides a definition for multicultural competence for practicing counselors and psychologists that is useful in thinking about competencies needed for leadership in a diverse and global market. Hence, Sue (2001) proposed a multidimensional model of cultural competencies comprising of knowledge, awareness, and skills. Multicultural knowledge is described as a counselor's understanding of his or her own worldview, as well as the worldview of the client. In contrast, multicultural awareness is defined as a counselor's ability to recognize his or her cultural conditioning such as biases, stereotypes, and values. Finally, multicultural skills include a counselor's ability and willingness to acquire and utilize appropriate intervention strategies that are effective with clients from diverse backgrounds. If this definition is applied to leaders or those aspiring to positions of leadership of organizations with diverse employees, these leaders must have an understanding of human behavior in order to build an engaged, motivated and productive workforce. In addition, rather than focusing on clinical skills, leaders must have interpersonal skills to work effectively with diverse groups both within and outside of the organization.

Deardorff's (2006) research discovered that among a list of proposed definitions, the top ranked one defines intercultural competence as "the ability to communicate effectively and appropriately in intercultural situations based on one's intercultural knowledge, skills, and attitudes" (p. 247).

Deardorff (2008) stated that attitudes are initial points for developing intercultural competence. These attitudes will lead to development of a set of knowledge and skills, which falls into the second category in the model. Specific elements included in the second category are: cultural self-awareness/understanding; understanding others' worldviews; culture-specific knowledge; sociolinguistic awareness; skills to listen, observe and interpret; and, skills to analyze, evaluate, and relate. Next, the skills and knowledge in the second category, as well as the prerequisite attitudes, will lead to several internal outcomes, which are adaptability, flexibility, and empathy. Consequently, all the components from the three categories will demonstrate themselves in observable, external outcomes of effective and appropriate communication and behavior in an intercultural circumstance (Deardorff, 2008). Deardorff's (2006, 2008) model also stresses the continuing dynamic process of intercultural competence development.

Continuous learning is encouraged so that leaders of multicultural organizations do not become complacent in their organization's diversity related practices nor their own level of understanding and behavior regarding diversity. Just as workers must engage in continuous

learning and improvement in order to be effective at their jobs, all workers, especially leaders, must continuously engage in developing multicultural competence in order to be continuously effective in their increasingly diverse work relationships (Chrobot-Mason, 2012).

Relationship Marketing

Understanding and managing customer relationships is fundamental to marketing. Accordingly, firms spend billions annually on customer relationship management, in efforts to understand how to target and sell to customers. Although marketing often focuses on single transactions for products, services, or ideas, marketers also take a longer-term approach. Relationship marketing is a type of marketing that emphasizes building lasting relationships with customers and suppliers. It is widely known that stronger relationships, including stronger economic ties, can result in greater long-term satisfaction, customer loyalty, and customer retentions.

Customer relationship management (CRM) has become the most dynamic technology topic of the millennium (Debnath, Datta & Mukhopadhyay, 2016). The basis of CRM is relationship marketing, which has the objective of improving the long-term relationship while increasing profitability opportunities of customers by moving away from product-centric marketing. The American Marketing Association's (AMA) definition of marketing (2013) is: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large." It stresses that maintaining relationships with customers is a function of the marketing manager in order to enhance the competitive advantage of the company (Chakravorti, 2009).

Parvatiyar and Sheth (2001) defined CRM as "a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value." According to Nitzan and Libai (2011), over the past two decades, practitioners and scholars have paid considerable attention to customer retention and its antecedents and consequences, primarily because of the impact of retention on customer lifetime value and consequently on the firm's bottom line. Furthermore, Nitzan and Libai stated that organizations should be interested in CRM because of its possible implications for better understanding and prediction of customer retention.

Mohammadhossein and Zakaria (2012) identified seven core benefits of CRM: enhanced ability to target profitable customers; integrated assistance across channels; enhanced sales force efficiency and effectiveness; improved pricing; customized products and services; improved customer service efficiency and effectiveness; and individualized marketing message.

According to the commitment trust theory (Morgan & Hunt, 1994), the core objective of firms is to establish positive relationships with customers through developing commitment and trust with the customers. The objective of relationship marketing is to establish long-term relationships

with consumers. These long-term relationships should promote efficiency, productivity, and effectiveness (Morgan & Hunt, 1994) and also be cooperative (Pansari & Kumar, 2017).

Nowadays, relational value is the most prominent aspect and is treated as an important determinant of long-term collaboration and cooperation in business transactions (Chien, Chen, & Hsu, 2012). It is basically reflected through collaborative activities as well as on the basis of frequency of past interactions between customer and supplier (Bonner & Walker, 2005). Also, Dayasindhu (2002) defined it in terms of relational embeddedness based on strong social ties that lead to the creation of successful social mechanisms to preserve social relationship. Very often, parties connected with strong ties are more likely to share tacit information, develop mutual understanding, and long-term partnerships (Bonner, Kim, & Cavusgil, 2005). A great deal of information regarding business is generated on the basis of these social relationships, which reduce transactional uncertainty and increase customer satisfaction. In addition, Hassan, Nawaz, Lashari, and Zafar (2015) reported that customer relationship management has significant effect on the customer satisfaction. The increase in the satisfaction levels will allow the customer to visit the store again so as to use the company's products, which will increase the sales of the company, ultimately causing an increase in organizational profit.

Implications

Marketing is not like other disciplines in business that are easily measured or quantified. In marketing, steps are taken to evaluate strategies and messages, but it is challenging to anticipate human behaviors and desires. Some businesses take the path of least resistance or the easiest route to getting the work done. For example, some marketers use the status quo approach to conducting business because it is safe. Instead of marketing to segments with a greater growth potential. Understandably, it is hard to communicate effectively when the receivers of the communication are not understood. The best marketing messages tap into the beliefs, values, hopes, and fears of the target audience.

Cultural competence thru diversity training

Chrobot-Mason (2012) found that diversity training was linked with being able to deal more effectively with diversity issues and interracial conflict in the workplace. The quality of responses to six workplace scenarios were found to be higher than the control group, indicating that training group members' responses reflected an attempt to: (a) understand racial issues and take an active role in supporting employees who face cultural/racial challenges, (b) openly deal with diversity issues, (c) take steps to increase minority representation and retention, and (d) make decisions that are fair and unbiased. Chrobot-Mason (2012) study provided additional evidence for diversity training effectiveness using a theoretically and methodologically sound approach.

Narrowcasting

Most businesses want to expand to new consumers. Effective targeted marketing is the essence of efficient spending for a business. It is these efforts that place a brand in front of the target audience and the right time through the right channels that increases the likelihood of expanding to new consumers. The narrowcasting approach, learning as much as possible about the target audience, and communicating with them frequently and relevantly. Narrowcasting and marketing to people's values can be the approach to create a competitive advantage.

Functional adaptation

There are many choices for consumers in most markets. Many choices mean that consumers can select the competition, therefore it is important to make doing business equally rewarding. If businesses are attempting to attract diverse consumers, these businesses should be prepared to adapt to the marketplace. For instance, it may mean having someone on staff who understands the values and needs of the potential consumer or adding signage in a different language. Review the product offerings through the lens of the target group and request consumer feedback to identify any adjustments that could be made that could make conducting business easier and more rewarding for the consumer.

Conclusion

Cultural competent leaders may be a solution to some of the diversity challenges currently presented. Cultural competent leaders are those who are actively aware of their assumptions about human behavior, values, biases, preconceived notions, etc. Secondly, cultural competent people actively attempt to understand the human behavior, values, etc. of people who are different from them. Culturally competence is an active and ongoing process. Globalization and growing cultural diversity in the marketplace, necessitate that to interact effectively with culturally diverse markets and to achieve better outcomes, leaders must become culturally competent.

It is mystifying that some businesses continue to market to diverse segments with seemingly little knowledge of the target's culture. Organizations that want to remain competitive in today's environment must be knowledgeable about the diversity that is present in the marketplace if they hope to gain a competitive advantage. Many businesses are facing new challenges and opportunities that the growing national diversity presents. These new challenges include attempting to understand the differences between how marketing use to be done and how marketing will likely change in an increasing diverse environment. Along with this challenge, there are many opportunities, such as providing product, services, and information to new segments of the population. Understanding the target market would allow for a more tailored message for that specific segment.

Although the three general areas of cultural competence from Sue's (2001) framework are: (1) awareness of own cultural values and biases, (2) and understanding of diverse worldviews, and

(3) development of culturally appropriate strategies and techniques were developed for professional counselors and therapists, these competencies can be applied to marketing strategies. Organizations can use these guidelines, along with continuous diversity training, to improve relationships with diverse consumers.

References:

- American Marketing Association. (2013). Retrieved April 14, 2018 from <https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>
- Arasaratnam, L. A. (2006). Further testing of a new model of intercultural communication competence. *Communication Research Reports, 23* (2), 93–99.
- Arasaratnam, L. A., & Banerjee, S. C. (2011). Sensation seeking and intercultural communication competence: A model test. *International Journal of Intercultural Relations, 35*, 226–233. doi:10.1016/j.ijintrel.2010.07.003
- Arasaratnam, L. A., & Doerfel, M. L. (2005). Intercultural communication competence: Identifying key components from multicultural perspectives. *International Journal of Intercultural Relations, 29*, 137–163. doi:10.1016/j.ijintrel.2004.04.001
- Aragón, O. R., Dovidio, J. F., & Graham, M. J. (2017). Colorblind and multicultural ideologies are associated with faculty adoption of inclusive teaching practices. *Journal Of Diversity In Higher Education, 10*(3), 201-215. doi:10.1037/dhe0000026
- Bonner, J. M., Kim, D., & Cavusgil, S. T. (2005). Self-perceived strategic network identity and its effects on market performance in alliance relationships. *Journal of Business Research, 58*(10), 1371–1380.
- Bonner, J. M., & Walker, O. C. (2005). Selecting influential business-to-business customers in new product development: Relational embeddedness and knowledge heterogeneity considerations. *Journal of Product Innovation Management, 21*(3), 155–169.
- Bowman, J. (2015). *Reframe the marketplace: The total market approach to reaching the new majority*. Hoboken, NJ: Wiley.
- Cegala, D. J. (1981). Interaction involvement: A cognitive dimension of communicative competence. *Communication Education, 30*, 109–121.
- Chakravorti, S. (2009). Extending customer relationship management to value chain partners for competitive advantage. *Journal of Relationship Marketing, 8*, 299–312.
- Chien, S., Chen, Y., & Hsu, C. (2012). Exploring the impact of trust and relational embeddedness in e-marketplaces: An empirical study in Taiwan. *Industrial Marketing Management, 41*(3), 460–468.
- Chrobot-Mason, D. (2012). Developing Multicultural Competence to Improve Cross-Race Work Relationships. *Psychologist-Manager Journal, 15*(4), 199-218.

Debnath, R., Datta, B. & Mukhopadhyay, S. (2016). *Customer relationship management theory and research in the new millennium: Directions for future research*. *Journal of Relationship Marketing*, 15 (4), 299-325.

Deardorff, D. (2006). *Identification and assessment of intercultural competence as a student outcome of internationalization*. *Journal of Studies in International Education*, 70(3), 241-266.

Deardorff, D. (2008). *Intercultural competence: A definition, model, and implications for study abroad*. In V. Savicki (Ed.), *Developing intercultural competence and transformation: Theory, research, and application in international education* (pp. 297-312). Sterling, VA: Stylus.

Hassan, R. S., Nawaz, A., Lashari, M. N., & Zafar, F. (2015). *Effect of customer relationship management on customer satisfaction*. *Procedia Economics and Finance*, 23, 563–567.

Kaur Sahi, G., Sehgal, S., & Sharma, R. (2017). *Predicting Customers Recommendation from Co-creation of Value, Customization and Relational Value*. *The Journal For Decision Makers*, 42(1), 19. doi:10.1177/0256090916686680

Mohammadhossein, N., & Zakaria, N. H. (2012). *CRM benefits for customers: Literature review (2005–2012)*. *International Journal of Engineering Research and Applications*, 2(6), 1578–1586.

Morgan, R. M., & Hunt, S. D. (1994). *The commitment-trust theory of relationship marketing*.

Journal of Marketing, 58(3), 20–38.

Nielsen Report. (2017). Retrieved January 11, 2018 from <http://www.nielsen.com/us/en/insights/news/2017/multicultural-consumers-refreshing-the-retail-landscape.html>.

Nitzan, I., & Libai, B. (2011). *Social effects on customer retention*. *Journal of Marketing*, 75, 24–38.

Pansari, A., & Kumar, V. (2017). *Customer engagement: the construct, antecedents, and consequences*. *Journal Of The Academy Of Marketing Science*, 45(3), 294-311. doi:10.1007/s11747-016-0485-6

Parvatiyar, A., & Sheth, J. N. (2001). *Customer relationship management: Emerging practice, process, and discipline*. *Journal of Economic & Social Research*, 3(2), 1–34.

Rosenthal, L., & Levy, S. R. (2010). *The colorblind, multicultural, and polycultural ideological approaches to improving intergroup attitudes and relations*. *Social Issues and Policy Review*, 4, 215–246.

Spitzberg, B. H. & Cupach, W. R. (1984). *Interpersonal communication competence* (pp. 33–71). Beverly Hills, CA: Sage.

Sue D.W. (2001) *Multidimensional facets of cultural competence*. *The Counseling Psychologist* 29 (6), 790–821.

Sue, D. W., & Sue, D. (2013). Counseling the culturally diverse: Theory and practice (5th ed.). Hoboken, NJ: Wiley.

Keywords: Cultural competence, relationship marketing, diversity, customer relationship management

Track: Culture, Identity, and Ethnicity

ID#: 1296