Global Product Strategies and Cultural Engagement in the Context of Culture-Commerce Interactions

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Abstract:
Culture shapes commerce, in particular firms’ marketing strategies when they enter overseas markets. Meanwhile, commerce also influences culture as major global brands may exert significant impacts on the local culture in markets where they operate. In this study, we investigate how firms may design optimal strategies in overseas markets in the presence of the culture-commerce interaction. Adopting an analytical modeling approach, we show that it can be optimal for a global brand to purposely maintain or even exaggerate the foreignness of its product. The global brand may also find it more rewarding to promote its national culture in an overseas market than to invest in product improvement. Our analysis suggests that global brands should not passively take culture as given when developing their product strategies. Instead, they need to place sufficient emphasis on cultural engagement when expanding globally. As a result, global brands may shape the culture in overseas markets through both their products and their culture promotion activities. This highlights the proactive and powerful force of marketing and its potential societal impacts.