



The role of cultural intelligence in the international marketing strategy of FMCG firms

Federica Melloni

Dissertation written under the supervision of Prof. Pedro Parada.

Dissertation submitted in partial fulfillment of requirements for the MSc in Management with specialization in Strategic Marketing at the Universidade Católica Portuguesa, 01.06.2023.

ABSTRACT

Title: The role of cultural intelligence in the international marketing strategy of FMCG firms

Author: Federica Melloni

Keywords: Cultural Intelligence, International Marketing Strategies, FMCG Sector, Cultural Differences, In-Depth Interviews, Adaptation, Standardization

This master thesis aims to explore the role of cultural intelligence (CQ) in international marketing strategies within the fast-moving consumer goods (FMCG) sector. Using a qualitative research approach, 8 in-depth interviews were conducted with marketing professionals from leading FMCG companies to gain insights into their perceptions, challenges, and strategies related to CQ.

Beginning with the literature review, the concepts of CQ and Firm CQ were examined, together with the definition of the FMCG sector. The research also explores existing literature on CQ in the context of international marketing strategies, specifically focusing on the adaptation versus standardization debate within the FMCG industry. Based on the literature reviews, four hypotheses were formulated to guide the research.

Through thematic analysis of 8 in-depth interviews, the findings highlight the crucial role of CQ in international marketing strategies in the FMCG sector, in line with the existing literature. The results support the hypothesis derived from the literature, which emphasizes the importance of CQ in promoting cross-cultural communication and its impact on decision-making processes, consumer behaviour, and the choice between adaptation and standardization strategies.

In conclusion, the study demonstrates the challenges that marketing professionals face in effectively integrating CQ, including time constraints, resource limitations, the need for extensive market research and managing conflicting interests. Investing in local physical presence, continuous market research and trend analysis, improving the understanding of cultural differences, and prioritizing consumer relevance in product positioning and branding are some recommendations made to enhance CQ in international marketing strategies.

SUMÁRIO

Título: O rolo da inteligência cultural na estratégia de marketing internacional em empresas de grande consumo

Autor: Federica Melloni

Palavras-chave: Inteligência Cultural, Estratégias De Marketing Internacional, Sector dos Produtos de Grande Consumo, Diferenças Culturais, Entrevistas, Adaptação, Normalização

Este estudo tem como objetivo explorar o papel do quociente cultural (QC) em estratégias de marketing internacional no setor de bens de grande consumo (FMCG). Através de uma abordagem qualitativa, foram realizadas 8 entrevistas a profissionais de marketing de empresas líderes no setor para obter informações sobre as suas perceções, desafios e estratégias relacionadas com a QC.

Na revisão da literatura foram estudados conceitos gerais de QC e QC nas empresas, tal como a definição do setor. Adicionalmente, foi analisado o QC no contexto das estratégias de marketing internacional, focando-se na adaptação versus padronização. Por fim, foram formuladas quatro hipóteses para orientar a investigação.

Através da análise de 8 entrevistas, os resultados destacam o papel crucial da QC nas estratégias de marketing internacional e suportam as hipóteses, que enfatizam a importância da QC na promoção da comunicação intercultural e o seu impacto nos processos de tomada de decisão, assim como no comportamento do consumidor e na escolha entre estratégias de adaptação e de estandardização.

Em conclusão, o estudo demonstra os desafios que os profissionais de marketing enfrentam para integrar eficazmente a QC, tais como restrições de tempo, limitações de recursos, necessidade de pesquisa de mercado e gestão de interesses contraditórios. Investir na presença física local, na investigação contínua do mercado e na análise de tendências, melhorando a compreensão das diferenças culturais e dando prioridade à relevância para o consumidor no posicionamento do produto e da marca são algumas das recomendações feitas para melhorar as QC nas estratégias de marketing internacional.

ACKNOWLEDGEMENTS

I would like to express my gratitude to the following people who have played a significant role in the completion of this thesis.

Firstly, I am so grateful to Professor Pedro Parada for his support, inspiration, and valuable feedback throughout the entire process. His expertise and guidance helped me a lot to complete my research. I can't thank Catolica for providing me with two amazing years of my academic journey and helping me grow both personally and professionally.

I would like to extend my sincere appreciation to my family for always believing in me and giving me the opportunity to pursue my dreams of studying abroad. Their love, encouragement force and celebration of my achievements have been a constant source of motivation. A special thanks go to my grandmothers for their constant inspiration and emphasis on the importance of education in my life.

A special mention goes to my dear friends and schoolmates, Chiara, Sara, and Stefano, who spent countless nights studying with me at the university. You have made this journey funnier and more memorable. I am also grateful for the friendships I have formed with my "One more group" friends during my time in Lisbon. Your support, laughter, and memorable moments have taught me the true value of friendship, and I am incredibly lucky to have met such amazing people.

To my best friend Giada, thank you for always being there for me and making my last six months in Lisbon the best time ever. Your friendship and support mean everything to me. A big thank you also to my best friends Asia and Shalom, that I can always count on and who trusted me. I am grateful to have you in my life.

To my flatmates Almirantirini, thank you for making me feel always at home during the past six months.

Lastly, I would like to extend my thanks to all the incredible people I have met in Lisbon and during my exchange in Maastricht. Each of you has left an indelible mark on my life.

To everyone mentioned above and to those who have supported me in various ways, thank you for being a part of my journey and for your support. I am deeply grateful for your presence in my life.

TABLE OF CONTENTS

ABSTRACT	III
SUMÁRIO.....	IV
ACKNOWLEDGEMENTS.....	V
TABLE OF CONTENTS.....	VI
TABLE OF FIGURES AND TABLES.....	VII
GLOSSARY	VIII
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND AND PROBLEM STATEMENT.....	1
1.2 RESEARCH METHOD	2
1.3 DISSERTATION OUTLINE.....	3
CHAPTER 2: LITERATURE REVIEW.....	4
2.1 CULTURAL INTELLIGENCE: DEFINITIONS AND DIMENSIONS	4
2.2 FIRM CULTURAL INTELLIGENCE	6
2.3 DEFINITION OF FAST-MOVING CONSUMER GOODS.....	8
2.4 CULTURAL INTELLIGENCE IN INTERNATIONAL MARKETING STRATEGIES.....	8
2.5 ADAPTATION VS STANDARDIZATION IN THE FMCG SECTOR	10
CHAPTER 3: METHODOLOGY	11
3.1 RESEARCH DESIGN	11
3.2 SAMPLE AND DATA COLLECTION.....	12
3.3 DATA ANALYSIS PROCEDURE.....	15
CHAPTER 4: RESULTS AND DISCUSSION.....	16
4.1 CULTURAL INTELLIGENCE PERSPECTIVE IN CROSS-CULTURAL BUSINESS ENVIRONMENTS	17
4.2 THE ROLE OF FIRM CULTURAL INTELLIGENCE	18
4.3 IMPACT OF CULTURAL INTELLIGENCE ON FMCG FIRMS IN MARKETING STRATEGY AND DECISION-MAKING	21
4.4 THE ROLE OF CULTURAL INTELLIGENCE IN ADAPTATION AND STANDARDIZATION STRATEGY.....	24
4.5 LIMITATIONS AND RECOMMENDATIONS OF INCORPORATING CULTURAL INTELLIGENCE INTO INTERNATIONAL MARKETING STRATEGIES FOR FMCG FIRMS	26
5.1 MAIN FINDINGS & CONCLUSIONS.....	28
5.2 MANAGERIAL AND ACADEMIC CONTRIBUTIONS.....	31
5.3 LIMITATIONS AND FURTHER RESEARCH	32
REFERENCE LIST	I
APPENDICES	VIII
APPENDIX A: INTERVIEW QUESTIONS.....	VIII
APPENDIX B: EXAMPLE OF TRANSCRIPT CODING	IX
APPENDIX C: CODE OVERVIEW	XIII
APPENDIX D: CODE PATTERNS	XXI

TABLE OF FIGURES AND TABLES

Figure 1: Dissertation Outline	3
Figure 2: CQ conceptualization according to Earley and Ang (2003) and Livermore (2010)...	5
Figure 3: Firm CQ dimensions according to Ang and Inkpen (2008)	7
Figure 4: Methodology Procedure.....	16
Figure 5: Keywords Findings	17
Table 1: Overview of Respondents	14

TABLE OF APPENDICES

Appendix A: Interview Questions.....	VIII
Appendix B: Example Of Transcript Coding.....	IX
Appendix C: Code Overview	XIII
Appendix D: Code Patterns	XXI

GLOSSARY

BS: Business Size

CQ: Cultural Intelligence

FMCG: Fast-Moving Consumer Goods

MNCs: Multinationals Companies

MNEs: Multinational Enterprises

TMT: Top Management Team

CHAPTER 1: INTRODUCTION

1.1 Background and problem statement

The FMCG industry is one of the fastest-growing industries globally, with companies continually looking for new opportunities to expand their businesses globally (NielsenIQ, 2023). However, international expansion can be challenging, particularly in the context of cross-cultural differences (Zacharakis, 1996). International marketing plays a crucial role in today's diverse cultural contexts and global market dynamics (Magnusson et al., 2013). The FMCG sector, in particular, operates in a dynamic field that is constantly evolving due to changing consumer behaviors, technological advancements, and globalization (Forsberg & Löfvenberg, 2011). Businesses operating in this sector face unique challenges and opportunities in meeting the needs of consumers with cultural differences across different countries.

For this reason, the concept of Cultural Intelligence (CQ) has emerged as a crucial factor in the success of international expansions effort (Griffith et al., 2000; Yenyurt & Townsend, 2003). Cultural intelligence has been recognized by numerous scholars, defined as the ability to adapt, and work effectively in several cultural settings (Earley & Ang, 2003; Ang & Inkpen, 2008). Firm cultural intelligence is a related aspect within the context of cultural intelligence, which refers to the capability of an organization to understand and effectively engage with several cultures (Ang & Inkpen, 2008). It involves the development of organizational structures, processes, resources, decision-making processes, and global strategies (Ang & Inkpen, 2008). The FMCG industry, due to its short-run products and high consumer demand (Forsberg & Löfvenberg, 2011), faces challenges and opportunities regarding CQ.

However, despite the growing interest in implementing CQ within organizations, there is still a knowledge gap regarding its practical usage, challenges, and impact on marketing strategies. While existing literature provides numerous insights into the definition of CQ and its potential advantages, it tends to focus more on top managers and leadership roles rather than the marketing department and provides limited insights specific to the FMCG sector. Thus, empirical research is needed to examine how CQ can be integrated into international marketing strategies in the FMCG sector and its overall impact. Therefore, the problem statement for this study is as follows:

What is the role of cultural intelligence in the international marketing strategy of FMCG firms?

The purpose of this thesis is to explore current developments and methods in the integration of CQ in international marketing strategies within the FMCG sector. By critically analyzing

several opinions and strategies, the goal of this study is to understand the impact of CQ, particularly in international marketing strategies, but also in decision-making processes, as part of marketing practices. Through qualitative interviews with marketing professionals working in leading FMCG companies, insightful data were gathered on their experiences, challenges, and successful techniques related to CQ. Consequently, practical insights and recommendations were given to managers on how to incorporate CQ into international marketing strategies, as well as in their day-to-day decision-making processes. The objective is to improve performance and market success by better navigating the complexity of the international market (Moon, 2010; Skarmeas et al., 2016; Parente et al., 2011). As a matter of fact, not effectively addressing cultural differences can result in missed opportunities, and misunderstandings (Deari et al., 2008).

1.2 Research method

This thesis adopts a qualitative research approach to explore the role of CQ in international marketing strategies within the FMCG sector. Qualitative research is suitable for investigating complex phenomena and capturing perspectives, experiences, and insights of professionals that participate in the research (Nunan et al., 2020).

The primary data collection method utilized in this study involved in-depth interviews with marketing professionals working in leading FMCG companies. The direct interaction with interviewees allowed me to gather valuable information on their perceptions and strategies related to CQ in international marketing.

The sample for this study consisted of eight marketing professionals with significant work experience in the FMCG sector. Purposive sampling was used to select participants, which allowed for the intentional selection of people with the required knowledge, competence, and experience to provide relevant and meaningful data (Burns et al., 2017). The objective was to gather several opinions and experiences within the FMCG sector to ensure a complete understanding of the impact of CQ on international marketing strategies.

Thematic analysis was used to identify patterns, themes, and insights within the interview data. This method allows for a systematic exploration of the qualitative data collected from the interviews (Nunan et al., 2020). However, it is important to note that the purpose of this study is not to provide statistical generalizations, but rather to gain in-depth insights and enrich the existing literature in the field of CQ and international marketing strategies.

1.3 Dissertation outline

This thesis is structured into five chapters, as illustrated below in Figure 1. After a brief introduction of the problem statement, the next chapter provides an extensive literature review that explores the concepts of cultural intelligence, its dimensions, and the definition of firm cultural intelligence adaptation. It also reviews the existing literature on cultural intelligence in the context of international marketing strategies, focusing on the FMCG sector. Furthermore, it explores adaptation versus standardization in the FMCG industry, connected with the definition of CQ.

Following the literature review, chapter three describes the research methodology employed in this study, which utilizes a qualitative research approach. The process of conducting interviews with marketing professionals working in the FMCG sector is explained. These interviews aim to assess the opinions of marketing professionals regarding the impact of CQ on international marketing strategies and decision-making processes.

Chapter four presents the findings from the interviews, followed by a discussion and analysis of the results. Limitations and recommendations for incorporating CQ into international marketing strategies are also discussed in this section.

Finally, in chapter five, the thesis concludes with a summary of the key findings, limitations of the study and of the research process, and recommendations for future research in the field.



Figure 1: Dissertation Outline
Source: Own illustration

CHAPTER 2: LITERATURE REVIEW

The literature review aims to provide a complete overview of the theoretical macro-areas relevant to the main research question: “*What is the role of cultural intelligence in the international marketing strategy of FMCG firms?*”. The next sections discuss the concept of cultural intelligence, firm cultural intelligence, and its different dimensions, followed by a brief definition of the FMCG sector, which is the focus of the study. The relationship between cultural intelligence and international marketing strategy is then explored. Lastly, the review examines the adaptation and standardization strategies used by FMCG companies in the international market.

2.1 Cultural Intelligence: Definitions and dimensions

According to Earley and Ang (2003), the concept of cultural intelligence (CQ) is defined as “the capacity of an individual to engage successfully with individuals from varied cultural backgrounds while maintaining their cultural context”. CQ has three dimensions: cognitive, physical, and emotional, which together allow people to adapt to cultural differences and interact effectively across cultures (Earley & Ang, 2003).

The cognitive dimension of CQ refers to the individual's knowledge about other cultures and their ability to interpret cultural differences (Earley & Ang, 2003). This includes the understanding of cultural norms, customs, and traditions gained through both formal education and personal experiences (Ang & Inkpen, 2008). As cognitive CQ increases, individuals become more skilled at interacting with people from diverse cultural backgrounds (Ang & Inkpen, 2008).

The physical dimension refers to the individual's ability to adapt to physical differences, such as language and nonverbal communication (Earley & Ang, 2003).

The emotional/motivational dimension relates to the individual's emotional resilience in adapting to cultural differences (Earley & Ang, 2003). Individuals with high emotional/motivational CQ show a natural inclination and enthusiasm to engage in cross-cultural situations, driven by an intrinsic interest and confidence in their cross-cultural competence (Deci & Ryan, 1985; Bandura, 2002). This CQ dimension is a crucial element because it represents the drive for putting the necessary effort and energy to operate effectively in new and unfamiliar cultural contexts (Ang & Inkpen, 2008).

Ang and Van Dyne (2008) extended this model by introducing a behavioural component that involves the individual's ability to adapt their behaviours to facilitate effective communication and interaction with people from different cultural backgrounds (Rockstuhl et al., 2011).

International experience and knowledge gained from working, studying, and short visits abroad, can develop the behavioural CQ dimension. These experiences expose people to a variety of cultural situations and help in their learning and understanding of the nuance of different cultures (Earley & Peterson, 2004). According to Moon (2010), regular exposure to other cultures provides opportunities to develop effective communication and interaction strategies.

Furthermore, Livermore (2010) developed another framework for cultural intelligence that include four key capabilities: drive, knowledge, strategy, and action.

The first capability, drive, focuses on developing motivation and confidence in dealing with cultural differences, as well as a sense of curiosity and openness when it comes to interacting with people from different backgrounds. Knowledge refers to the understanding of different cultures in terms of cultural norms, values, and customs, and their impact on communication and behaviour. Strategy involves the ability to plan and adjust actions in different cultural contexts, utilizing cultural knowledge to handle complex problems, interpreting cultural cues, and adjusting expectations as necessary. Finally, action refers to the ability to adapt behaviour in order to achieve effective results and build relationships with people from different cultural backgrounds. By developing these four capabilities, individuals can improve their cultural intelligence and successfully navigate cross-cultural interactions (Livermore, 2010).

A summary of the two conceptualizations of CQ and brief descriptions of the dimensions according to Earley and Ang (2003) and Livermore (2010) is provided below in Figure 2.

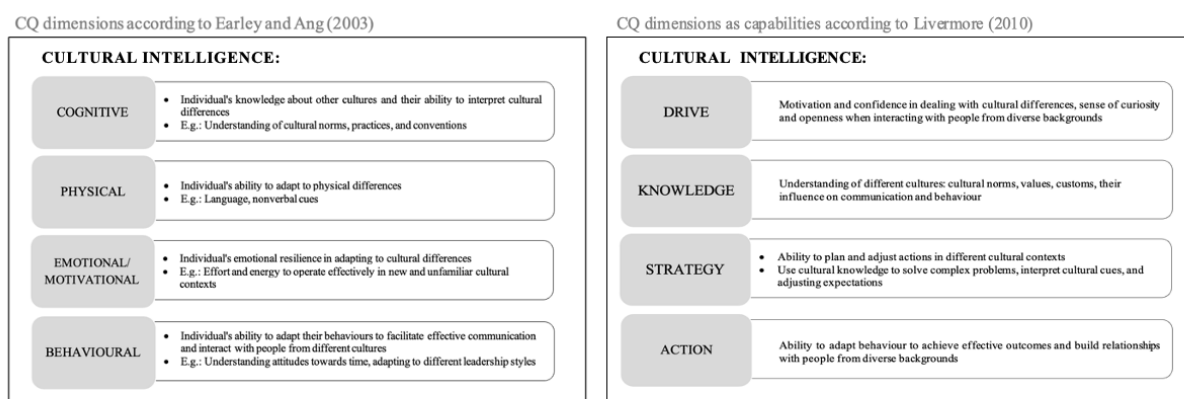


Figure 2: CQ conceptualization according to Earley and Ang (2003) and Livermore (2010)

Source: Own illustration

Note: Ang and Van Dyne (2008) expanded this model by introducing the behavioural dimension and examples are provided by several scholars (Earley & Ang, 2003; Ang & Inkpen, 2008; Rockstuhl et al., 2011)

Based on the literature review, the following hypothesis was proposed in relation to the research objective of exploring the role of CQ in international marketing strategies:

H0: Marketing professionals, as individuals with higher levels of cultural intelligence (CQ), are more likely to effectively incorporate cultural considerations into their international marketing strategies.

2.2 Firm Cultural Intelligence

Ang and Inkpen (2008) introduced the term “Firm Cultural Intelligence”, defined as "a form of organizational intelligence or firm-level capability in functioning effectively in culturally diverse situations". Firm cultural intelligence refers to the competitive processes and structural norms that incorporate cultural knowledge to successfully operate in foreign markets, leading to a better understanding of international stakeholders. The intelligence of a firm increases when it improves its ability to learn and create new knowledge (Ang & Inkpen, 2008).

With the concept of cultural intelligence at the firm-level, Ang and Inkpen (2008) extended the work of Earley and Ang (2003), by comprising three dimensions of intercultural resources: managerial, competitive, and structural. According to the study, cultural intelligence at the organizational level is necessary for effective decision-making. Managerial cultural intelligence refers to the possession of the four individual dimensions of CQ by a firm manager (cognitive, physical, emotional, and behavioural), which significantly influences the relationship between top management team (TMT) characteristics, global strategies, and performance. Lower-level positions are not mentioned. In the meantime, the firm should have competitive resources in terms of operational, marketing, R&D, financial, and reputational resources, as well as the ability to identify key competitive factors associated with offshoring performance, to assess cultural and institutional risks, and to take competitive factors into account into decision-making processes when selecting offshore business partners (Ang & Inkpen, 2008). Finally, the structural cultural intelligence of the firm is the third resource mentioned in the framework, which relates to how actions and strategies are formulated and implemented, emphasizing the development of CQ structural norms (Ang & Inkpen, 2008).

A summary of the Firm CQ conceptualization with a brief description of each dimension, according to Ang and Inkpen (2008), is provided below in Figure 3.

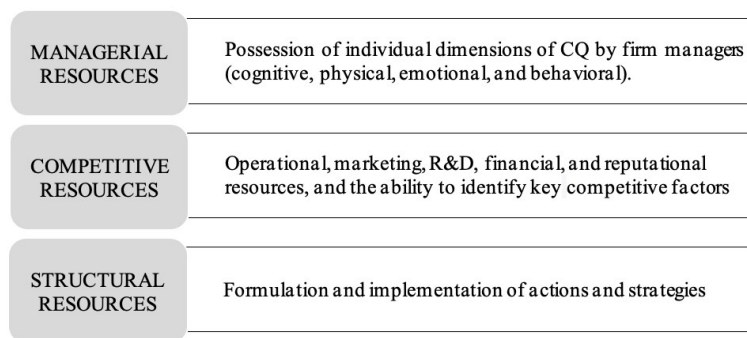


Figure 3: Firm CQ dimensions according to Ang and Inkpen (2008)

Source: Own illustration

Scholars have recognized the importance of culture in achieving and sustaining a company's competitive advantage in cross-cultural environments (Moon, 2010; Kogut & Singh, 1988; Markus & Kitayama, 1991; Sousa & Bradley, 2006; Soutar, Lee, & Ng, 2007; Triandis, 1989; Yenyurt & Townsend, 2003). In this regard, Moon (2010) highlights the necessity for a dynamic capability to adapt effectively in diverse cultural settings and gain and sustain a competitive advantage, due to the complexity and ambiguity of cross-cultural context. Companies with higher cross-cultural competencies are more flexible and adaptable and are more likely to perform better than companies with lower cultural intelligence (Kang et al., 2007; Ang and Inkpen, 2008).

The level of CQ is influenced by strategic direction, organizational structure, and organizational culture (Daft, 2004). In cross-cultural contexts, firms' operational resources such as marketing capabilities, distribution development, promotional skills, knowledge about local business practices, and relationship management with suppliers, customers, wholesalers, and government institutions play a critical role for firms entering international markets. Firms need to adjust their operations and processes to meet the demands of local businesses and comply with legal and government regulations (Jain, 1989). Moreover, firms can improve their cross-cultural competitive capabilities by focusing on sales of more culturally specific products, expanding into more culturally specific markets, and building stronger connections with their international distributors (Griffith, Hu, & Ryans, 2000; Shoham, Brencic, Virant, & Ruvio, 2008). Cultural differences also determine the complexity of cross-national negotiations, mergers, assignments, and leadership (House et al., 2004). Successful companies like The Body Shop, Merrill Lynch, and Kodak strengthened their market position and authority in host countries, by leveraging their franchising expertise, building strong relationships with local financial firms, and developing networks with governmental institutions (Luo, 2000).

The existing literature provides a comprehensive understanding of the cultural intelligence concept and its impact on the ability of companies and their marketing strategy to operate successfully in culturally diverse contexts. However, there is a lack of research that specifically focuses on the FMCG industry.

The following hypothesis was proposed:

H1: The concept of Firm Cultural Intelligence is necessary for effective decision-making in the FMCG industry.

2.3 Definition of Fast-Moving Consumer Goods

Fast - Moving Consumer Goods (FMCG) refer to fast-moving retail goods that have a short shelf life and are sold and consumed relatively quickly, usually within a few days at a relatively low cost. Examples of FMCGs include non-durable items like soft drinks, personal care products, and perishable groceries such as meat, fruits, or dairy products. These products are characterized by high consumer demand and rapid turnover, which can lead to lower profit margins per item, but higher overall profits due to their large sales volumes (Forsberg & Löfvenberg, 2011).

2.4 Cultural Intelligence in International Marketing Strategies

According to Bahadir et al. (2015) and Kraus et al. (2016), cultural diversity in foreign markets has an impact on business decision-making, marketing mix strategies, and operations. Consumers' purchasing habits and responses to marketing strategies as well as product development are influenced by regional differences in values, attitudes, beliefs, and behaviours, making market adaptation critical for success (Watson et al., 2018; Kostova, 1997). Cultural awareness is therefore essential in every aspect of marketing (Horská et al., 2015), and companies should understand the cultural factors that influence consumer behaviour in foreign markets to determine their international strategy (Jeannet & Hennessey, 2001). A deep understanding of different cultures is crucial for the success of a new product in the global market and businesses should adapt to the unique environmental factors in each country where they operate in. Companies with high levels of cultural intelligence can successfully launch new products in foreign markets and establish strong relationships with export partners (Griffith et al., 2000; Yenyurt & Townsend, 2003).

According to Morgan et al. (2018), the term "international marketing capabilities" is defined as a company's capacity to effectively use its resources to understand and meet the demands of

foreign customers more efficiently than its competitors. This ability is necessary for businesses to achieve their objectives and succeed in the global marketplace (Morgan et al.; 2018). Kemper et al. (2011) suggest that pricing and communication capabilities are developed through external resources, such as customer information, and culturally intelligent firms are better positioned to adapt their marketing mix to suit foreign stakeholders' cultural differences and expectations (Magnusson et al., 2013). In addition, Magnusson et al. (2013) found that higher CQ is positively associated with marketing mix adaptation and improved export performance, suggesting that firms should invest in CQ development to improve their ability to adapt their marketing mix and achieve success in culturally diverse markets (Magnusson et al., 2013).

Hazzam and Wilkins (2022) conducted a study using surveys from a sample of regional offices of MNEs in the Emirate of Dubai. They validated the existing measure of the firm's CQ framework, as outlined by Ang and Inkpen (2008), and provided further insights into the marketing capabilities, strategies, and CQ of these firms. The authors emphasized the significance of CQ as a critical factor that affects the development of international marketing capabilities and firm performance (Hazzam & Wilkins, 2022). Companies must invest in developing their CQ to adapt their marketing mix and succeed in diverse markets, including pricing, product characteristics, advertising, and distribution channels (Song et al., 2018).

When it comes to marketing exchange, a company's CQ can enhance its cross-cultural social interactions with international stakeholders, as well as the value of its relationships with internal partners, by increasing its cultural awareness. MNEs with high CQ are better equipped to coordinate with partners, develop complex products and processes, and establish successful partnerships in foreign markets. As a result, MNEs with high CQ can gain a competitive advantage and increase their market share and revenue in the global marketplace (Moon, 2010; Skarmeas et al., 2016; Parente et al., 2011). Therefore, to succeed in international expansion, companies must be willing to adjust their marketing strategies to suit market conditions and cultural differences.

The following hypothesis was proposed:

H2. Companies with higher CQ are more likely to achieve success in foreign markets and in marketing strategy

2.5 Adaptation vs Standardization in the FMCG sector

CQ is a critical factor in the decision-making process regarding whether to standardize or adapt marketing mix strategies when entering new international markets (Kraus et al., 2016). Firms with high CQ are better equipped to make informed decisions about whether to modify or keep their marketing mix strategies consistent with the local culture. This capability enables them to establish successful relationships with customers in diverse cultural contexts, resulting in increased market share and revenue (Day, 2011; Moon, 2010).

Poulis (2011) provides valuable insights into the FMCG sector of the tourism industry, highlighting the importance of cultural sensitivity and adaptability in the global marketplace. The study used an exploratory, qualitative research design and analysed 14 case studies of FMCG firms operating in the Greek tourism industry. The research found that political boundaries are no longer an effective framework for achieving national homogeneity. This reduced the incentives associated with cultural diversity within the country, making cultural characteristics a significant factor in strategy-making (Poulis & Poulis, 2011).

According to Griffith (2010), standardization is preferred in business-to-business contexts, for cost reductions and economies of scale, and due to the similarity in economic development stages and institutional environments between countries.

However, Lages et al. (2008) and Jain (1989) argued for adaptation to satisfy the unique characteristics of each market, particularly in light of cultural diversity. The intensity of competition has a positive correlation with promotion adaptation, and its presence across foreign markets and the pricing field also correlates with adaptation (Cavusgil & Zou, 1994). As an example, the reason behind Wal-Mart's failure in Korea in 1998 was attributed to its inability to adapt and lack of awareness regarding the intensely competitive Korean retail market (Joe & Kim, 2007). Specifically, Wal-Mart failed to learn and recognize cultural nuances and cross-cultural integration. In such cases, CQ becomes an essential factor in enhancing a company's adaptability in diverse cultural environments, thereby increasing the possibility of gaining a competitive advantage in cross-cultural settings (Jerez-Gomez et al., 2005).

Similarly, MNEs tend to standardize more, while competition from exclusively local firms leads to higher adaptation. The degree of standardization is related more to within-firm variables than industry type, while the degree of adaptation is connected more to country variables, such as customs, consumer characteristics, culture, legal system, and channel

structure (Michell et al., 1998). The nationality of the parent company also plays an influential role in standardization, with American firms tending to standardize more than their European counterparts, particularly in areas such as product design, branding, packaging, and advertising message (Ozsomer et al., 1991).

However, Vrontis (2003) pointed out that when it comes to international marketing decisions, standardization and adaptation are not mutually exclusive options. Instead, real-life situations usually involve a combination of standardized and adapted elements. In fact, both standardized and adapted elements can often be found within each marketing mix element, with adaptation being more relevant to sales promotion, public relations, and personal selling, and less prevalent in direct marketing and advertising. Therefore, Poulis (2011) confirms how a balanced approach of standardization and adaptation is the key to success in the international market and how is crucial for FMCG companies to understand and adapt both strategies to these cultural factors to effectively expand internationally.

The following hypothesis was proposed:

H3: CQ positively affects the decision-making process regarding whether to standardize or adapt marketing mix strategies in the FMCG sector when entering new international markets

CHAPTER 3: METHODOLOGY

In this chapter, the methodology was described in terms of a qualitative research design. Semi-structured interviews were conducted with marketing professionals working mainly in MNCs in the FMCG sector, including companies focus on beauty and cosmetics, food and beverages, healthcare, household, and consumer products. The chapter provides an overview of the research design, sampling technique, data collection and data analysis procedure for this study.

Through the qualitative research design, semi-structured interviews, and thematic analysis, these interviews aimed to explore the role of CQ in the international marketing strategies used in the FMCG sector.

3.1 Research Design

For this study, qualitative research methods were used through in-depth and semi-structured interviews. The use of in-depth interviews allows for the exploration of the research question and the experiences of participants in their own words. Meanwhile, semi-structured interviews were chosen because they are flexible and allow participants to give more detailed responses to open-ended questions, as noted by Nunan et al. (2020). Based on the literature review, a specific

set of topics and sub-areas was prepared and discussed in the semi-structured interviews. This direct procedure allowed for an extensive understanding of the participants' experiences and enabled the main research question to be addressed (Nunan et al., 2020).

Qualitative research was chosen for this study because of its high degree of flexibility, the possibility to clarify misunderstandings, the ability to maintain interest and obtain a qualitative understanding of responses and motivations, as well as the freedom enjoyed by respondents (Khan & MacEachen, 2022). Additionally, this method was preferred over a standardized survey as it provides more insight and knowledge, and encourages conversation, discussion, and personal contact (Khan & MacEachen, 2022; Nunan et al., 2020; Burns et al., 2017).

The questions asked during the interviews were planned and open-ended, avoiding dichotomous choice questions (Nunan et al., 2020; refer to Appendix A). This approach allowed respondents to answer in-depth and personally, leading to a deeper understanding of the research question (DiCicco-Bloom & Crabtree, 2006). The predetermined open-ended questions present in Appendix A focused on key thematic topics identified in the literature. These include: (1) background information about the respondents (e.g. job role, years of experience within the FMCG sector) and their firms (e.g. industry, customer type, market type, degree of internationalization); (2) familiarity with the term of CQ; (3) impact of CQ on decision-making and marketing mix strategies; (4) impact of CQ in international marketing strategy, adaptation and standardization and (5) limitations and recommendations in applying CQ in international marketing strategy.

3.2 Sample and data collection

The sample for this study consisted of marketing professionals working in MNCs in the FMCG sector (7/8 respondents). In this study, multiple sampling techniques were used, including purposive, snowball, and convenience sampling.

Purposive sampling, also known as judgmental sampling, was used as a non-probability sampling technique to select participants with the required knowledge, expertise, and experience to provide relevant and insightful data related to the research question. Instead of selecting participants randomly, this technique allowed to intentionally choose participants who are likely to provide high-quality data (Burns et al., 2017). Due to time and resource constraints, respondents were selected also using a combination of convenience and snowball sampling methods. This involved directly reaching out to potential participants and seeking referrals from existing participants (Burns et al., 2017).

The first step of key informant selection and data validation involved browsing LinkedIn for marketing managers, directors, or other lower-level marketing positions currently working in FMCG companies. To increase the response rate, a LinkedIn post was created, inviting marketing professionals to contact and share the post in their network. Additionally, potential contacts were contacted individually, and referrals were also used. The response rate for the research study was 13.04%, which means that out of the 92 people contacted, only 12 responded to the research invitation. However, despite the limited number of responses, the study successfully conducted 8 interviews, resulting in a conversion rate of 66.67%.

Before the interviews, potential respondents were informed about the study's purpose, their rights as participants, and asked for their consent to be mentioned in the study, otherwise anonymity and confidentiality of the respondents were guaranteed (Burns et al., 2017). Moreover, it was made clear that the information gathered would only be used for academic purposes. It is important to note that while the company names may appear, the responses collected are not representative of the companies, but rather reflect the personal thoughts of the respondents.

Due to the geographical location and convenience, online interviews were scheduled and conducted through video conferencing platforms like Zoom. Each interview lasted approximately 30 to 45 minutes and was audio recorded with the consent of the participants. The interview recordings were transcribed using Discord, a programme that provides an automatic transcription process by uploading the audio. Thematic analysis was then conducted on the transcribed data.

Saturation, in qualitative research, refers to the point at which no new or relevant information emerges from additional interviews or data collection (Hennink & Kaiser, 2022). While some scholars suggest that saturation can typically be reached with around 12 interviews (Braun & Clarke, 2021), empirical studies show that saturation can be reached within a smaller range of 9-17 interviews or 4-8 focus group discussions (Hennink & Kaiser, 2022). It is important to note that the actual number of interviews or focus group discussions required to reach saturation can change depending on the specific research context and other factors such as research objectives, research questions, data complexity, and the homogeneity or heterogeneity of the sample (Hennink & Kaiser, 2022). In the present study, a total of 8 interviews were conducted with marketing managers and similar roles, who have significant years of experience in the FMCG sector. Even though this number is slightly below the recommended range, it is crucial to note that the reaching of saturation is not solely dependent on the number of interviews.

Saturation is also influenced by the quality of the interviews, the diversity of the respondents, and the depth of the data collected (Hennink & Kaiser, 2022). In order to ensure a comprehensive understanding of the research topic, efforts were made to ask in-depth questions and look for diverse perspectives.

As presented in Table 1 below, the study sample includes people from the FMCG industry with different business sizes (BS) in terms of employees and revenue, final product, country presence, job role, and years of experience in the sector. Table 1 provides sample descriptive information, while maintaining the confidentiality of specific company names. Respondents work for companies operating in sectors such as beauty and cosmetics, food and beverages, healthcare, household, and consumer products. Most of the companies represented in the sample are large-sized businesses (7/8) with a significant global presence. One respondent works as a freelancer in the sector and does not belong to any specific company.

Nr.	FMCG Industry	Company Name	Respondent Name	BS – Approx Nr. of Employees	BS – Approx Revenue (2022)	Nr. of Country Presence	Respondent's Role In The Company	Years of Experience in the FMCG sector
1	Beauty & Cosmetics	L'Oreal	Carolina Sá Pereira	87,000	\$40 B	150	Product Manager Italy & Portugal	3 years
2	Cereals	-	-	30,000	\$1.64B	180	Junior Revenue Growth Manager Germany	5 years
3	Food and beverages	Nestlé	Yannis Dramis	275,000	> \$99 B	188	Chief Marketing Officer Vietnam	25 years
4	Food and Healthcare	-	Samira Koch	-	-	-	Marketing Freelancer Germany	3 years
5	Tissue paper	ICT S.p.A	Elizabeth Chiappa	2,000	\$8.25 B	20	Marketing Executive Italy	20 years
6	Personal care and hygiene products	P&G	Luis Cardoso	100,000	> \$80 B	180	Sales Director Portugal	22 years
7	Household and consumer products	-	-	34,000	\$18 B	200	General Manager Portugal	5 years
8	Beverages	-	João Pedro Clemente	82,000	\$43 B	200	Senior Brand Manager Portugal	10 years

Table 1: Overview of respondents

Source: Company's website and Statista.com

Disclaimer: even though the company name appears, responses are not as a company spokesperson, but private thoughts gained through their professional experience in the FMCG sector

3.3 Data Analysis Procedure

Thematic analysis was used to analyze the data collected through interviews, which involves identifying patterns, themes, and categories in the data based on the research question and relevant themes and concepts from the literature review (Nunan et al., 2020). Figure 4 below shows in detail the data analysis procedure. After conducting the interviews, the data preparation stage involved the interview transcription, and then an initial reading of the transcribed data was carried out to gain a general understanding of the data. This helped to identify any initial patterns or trends that were present.

The coding process then began, highlighting and categorizing keywords, and codes were assigned to identify relevant themes and categories for the research (refer to Appendix C). The initial understanding was facilitated by the use of Atlas.ti, which is a software powered by OpenAI that improves scientific accuracy. Key sentence segments were identified, and codes were assigned based on their relevance to the research question and themes from the literature review. This allowed for the identification of key themes and categories in the data. Besides using the Atlas.ti software, each keyword was personally examined for each sentence and slightly adjusted according to the context of the sentence.

An Excel file was then created to categorize and tabulate data, including all the keywords and insights from the eight interviews. Finally, the findings were summarized and coded using relevant categorization-based labels, grouping similar types of data (Refer to Appendix D).

By using a hybrid approach of deductive and inductive methods, a set of priori codes was initially established, followed by the addition of new codes based on the data (King, 2004). Non-statistical analysis was applied to interpret the themes and categories and get conclusions that answered the research question and tested the hypotheses, ultimately leading to the development of the keywords finding framework (refer to Figure 5, Chapter 4).

To ensure unbiased answers, the respondents did not have access to the questionnaire in advance (Rugg & Petre, 2006). The most relevant quotes were used to support the analysis and results (King, 2004).

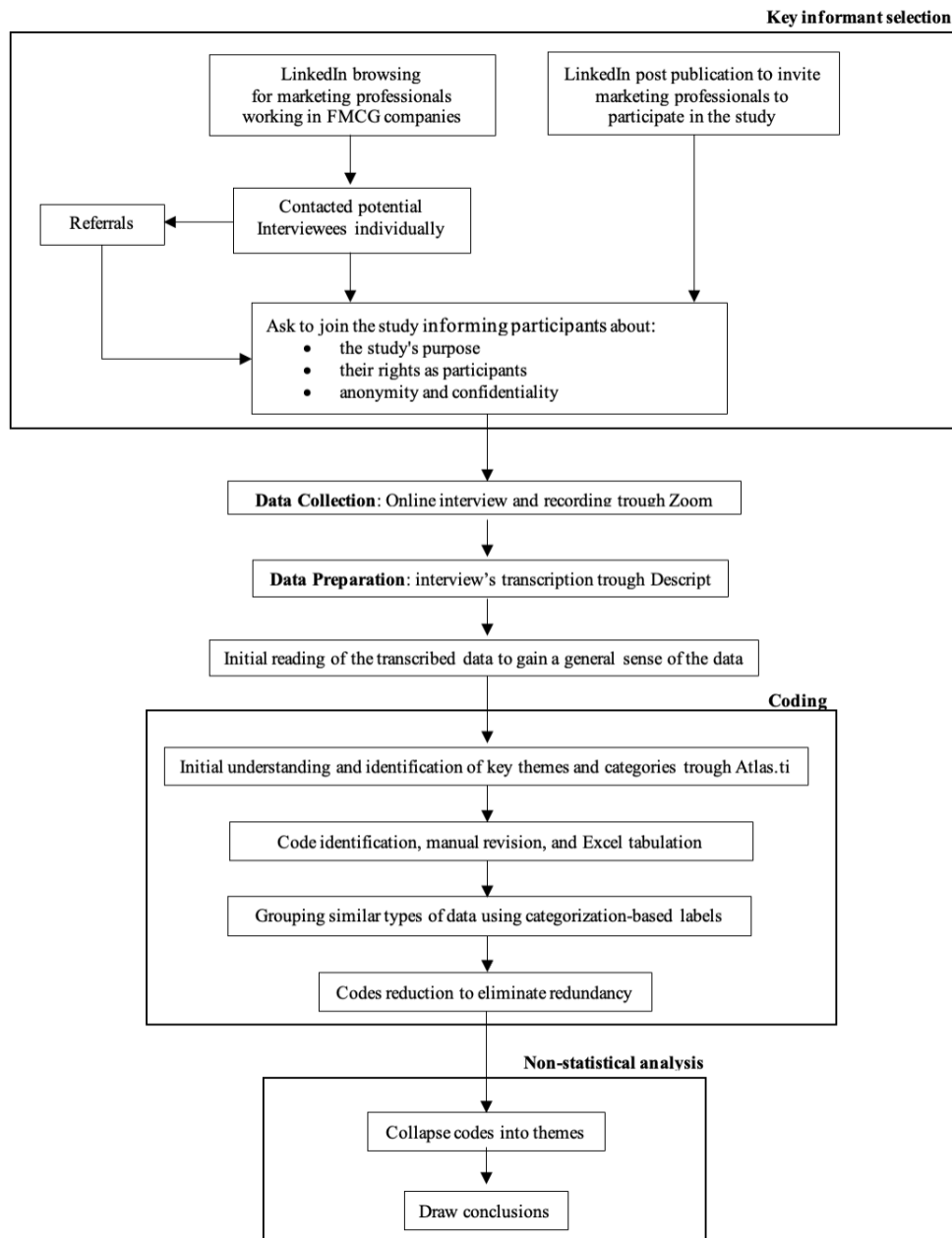


Figure 4: Methodology Procedure
Source: Own illustration

CHAPTER 4: RESULTS AND DISCUSSION

This study aims to answer the main research question on “*the role of cultural intelligence in the international marketing strategy of FMCG firms*”, with a focus on the perspectives of marketing professionals. The research focuses on the experience of 8 marketing professionals and explores how CQ influences marketing mix strategies and consequently decision-making processes in culturally diverse countries. The findings are based on a thematic analysis of responses to 14 semi-structured interview questions, and only relevant quotes were included. Figure 5 below highlights the main keywords of the findings, structured according to relevant

literature and the hypothesis presented. The research findings can provide an opportunity to support, challenge and contribute to the existing literature (Tuckett, 2005). The different areas of insight are discussed in the following sections.

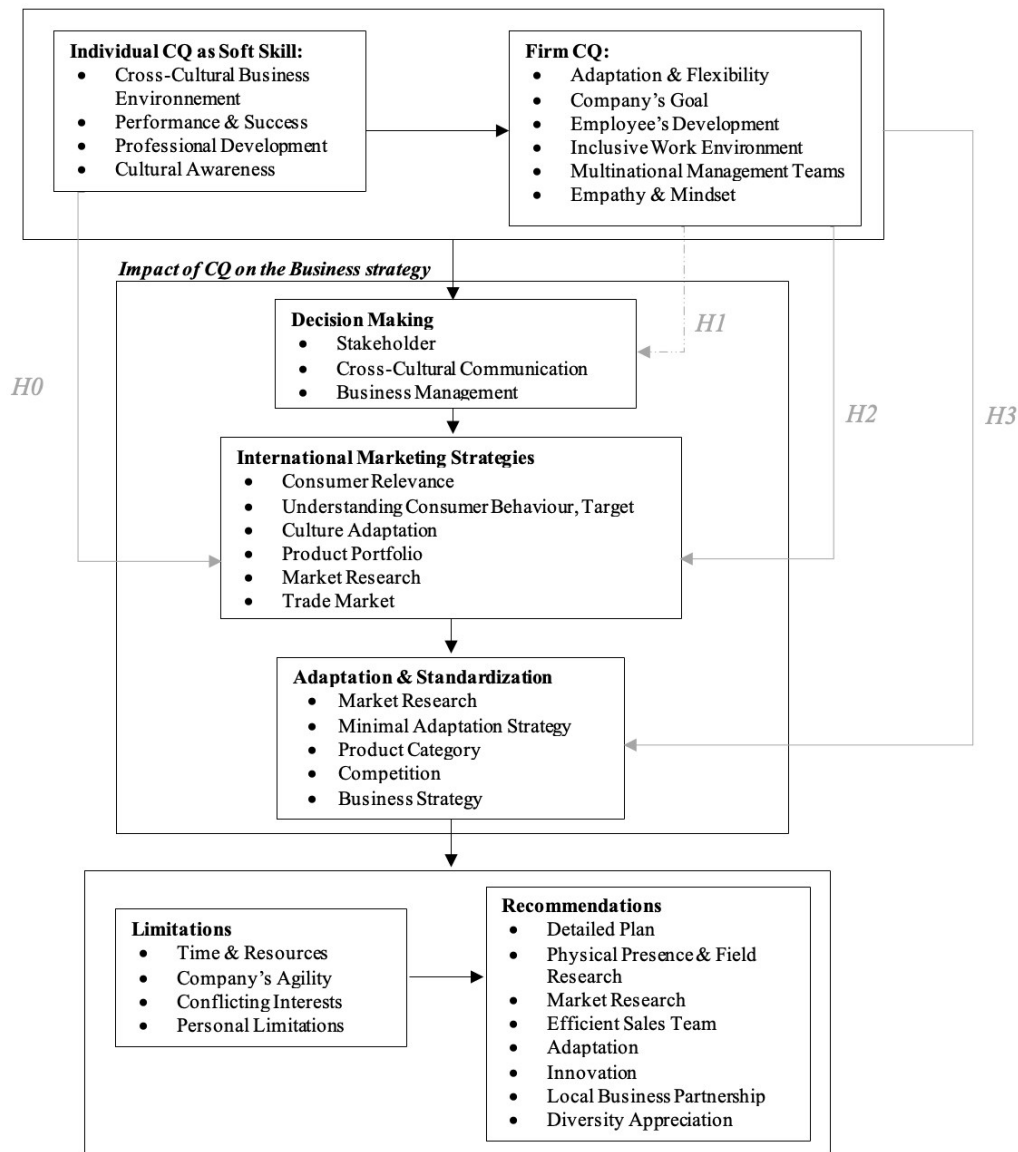


Figure 5: Keywords Findings

Source: Own illustration based on the main interviewees' findings structured according to relevant literature and the presented hypothesis.

4.1 Cultural Intelligence perspective in cross-cultural business environments

The concept of CQ, as defined by Earley and Ang (2003), is “the capacity of individuals to engage successfully with individuals from varied cultural backgrounds while maintaining their own cultural context”. CQ includes four dimensions: cognitive, physical,

emotional/motivational, and behavioral, which are crucial for adapting to cultural differences and cross-cultural communication.

In the interviews conducted, out of the eight respondents, half were familiar with the concept of CQ either from personal knowledge or academic courses such as international management. Respondent 1 provided a complete definition, describing CQ as the knowledge of culture within the operational scope of a company, which improves performance, better application of work, and improved results by taking culture into account. Respondent 1 also emphasized the importance of taking culture into account while developing marketing strategies, as well as its impact on individual performance and professional development. As Respondent 7 stated, *"It's very important that we as managers understand the nuances of the culture to be able to achieve successfully the results in the countries we operate."* Similarly, Respondent 8 emphasized CQ as a part of his job mission, daily life, and business in his previous role as international business developer. The answers align with the cognitive dimension of CQ, which involves knowledge of other cultures and the ability to interpret cultural differences, as well as with the emotional/motivational dimension, as respondents expressed a commitment to cultural awareness and understanding (Earley & Ang, 2003).

On the other hand, some respondents expressed unfamiliarity with the term CQ, raising concerns about potential ambiguity, while others had never encountered the topic before. However, despite limited familiarity with the term, all respondents agreed on the importance of CQ for success in cross-cultural business environments.

The overall low level of familiarity with the concept of CQ among the respondents suggests the need for more education and awareness about this critical skill set in the business world. As expressed by Respondent 4, the surprising lack of understanding among many respondents highlights the need for further research and education on the topic.

4.2 The role of Firm Cultural Intelligence

As defined in Section 2.2, Firm Cultural Intelligence (CQ) is defined as "a form of organizational intelligence or firm-level capability in functioning effectively in culturally diverse situations" (Ang & Inkpen, 2008).

According to all respondents, both individual and Firm CQ are crucial for developing effective international marketing strategies. Firm CQ is particularly highlighted for its crucial role in enhancing a company's adaptability in culturally diverse environments, as companies need to be flexible to compete in the market and adapt to local specificities (Kang et al., 2007; Ang &

Inkpen, 2008). As stated by Respondent 3, *"The firm is the collection of the individuals, and individual experiences play a crucial role in shaping the organization's ability to adapt to diverse cultural environments."* Achieving Firm CQ requires a balance between maintaining core values and adjusting to local needs (Respondent 8). Consequently, companies must support employees in the development of CQ skills to remain adaptable in a globalized and multicultural business landscape, as observed during the interviews. It is interesting to note that CQ is perceived as a goal for companies aiming to expand and operate in different countries. As noted by Respondent 1: *"It is very important for the company to view that as a goal"; "Internationalization and multiculturalism are aspects that are very present nowadays and will continue to be and will become even more important"*. Therefore, companies should provide tools to investigate and understand consumer needs, as well as encourage employees to be conscious and aware of CQ.

The importance of CQ to overcome challenges in culturally diverse markets is another crucial theme that emerged from the interviews. Gatekeepers were mentioned as a necessity to champion cultural understanding and cross-cultural communication (Respondent 2). These gatekeepers should have knowledge of both the company's culture and the country's culture, ensuring a smooth transition in the market. Understanding cultural nuances, consumer behaviors, and market preferences emerges as a key aspect for successful cross-cultural communication. These findings are aligned with the definition of behavior dimension according to Ang and Van Dyne (2008). Respondents emphasized the need for CQ in navigating differences in business practices, communication styles, and behavioral gestures. For example, Respondent 2 highlighted the huge differences in business practices between China and Europe: *"When I went on a trip to China, the way they do business is completely different than we do in Europe. Because for instance, in China, before you start any negotiation, first you go out for drinks, and you might even get drunk, but for example in Italy, it is normal to talk about business during lunch or coffee time, which is different from China"*. Respondent 3 emphasized the importance of being aware of small behavioral differences that can have significant implications in different cultures: *"In Bulgaria, a simple nod of the head can be a powerful signal of agreement, whereas, in other cultures, the same gesture may be interpreted as a sign of disagreement or confusion"*. Therefore, having high Firm CQ and understanding these nuances is crucial for successful cross-cultural communication and business operations. Without CQ, a company may struggle tremendously when approaching business in a foreign country (Respondent 1).

When entering new markets and engaging with different cultures, companies must have cultural awareness. The interviews highlighted the importance of understanding how people live, their preferences and cultural norms is critical for effective market entry strategies.

It becomes apparent that creating an inclusive work environment that values diversity has a positive impact on CQ. By developing an inclusive environment that encourages employees to share their cultures and backgrounds, companies can promote understanding and create a positive perception among employees (Respondent 2). This can then result in greater employee satisfaction and retention, which will ultimately impact the company's bottom line positively (Respondent 3). Respondents highlighted the importance of understanding and empathizing with cultural differences within cross-cultural teams, as it can lead to richer outcomes and perspectives. Respondent 7 viewed Firm CQ as a shared responsibility between employees and the company: *"It is important to build up cultural intelligence, but I think it is also a responsibility of the company"*. Indeed, cultural differences can create tension and barriers in cross-cultural teams. However, with a mindset focused on understanding and empathy, these differences can be transformed into opportunities for growth and innovation (Respondent 8). As stated by Respondent 8, *"The key point is to try to better understand...what is behind the idea, and then try to work on that...if you are not able to empathize, it's going to be much harder along the way."* While companies should encourage exposure to different cultures, individuals have a greater responsibility in actively seeking and embracing diverse cultural experiences. In other words, it ultimately depends on the individual's emotional/motivational CQ dimension (Earley & Ang, 2003), as well as on the drive capabilities described by Livermore (2010) to have an open mind, willingness to learn, and humility: *"If the company can pursue whatever want to...but if you don't have the mindset and the willingness to learn and the humility...the company can do nothing"* (Respondent 8).

Multinational management teams were seen as beneficial for adapting to local needs, as they bring different perspectives and creativity (Respondent 7). Respondents consistently emphasized the importance of diversity within organizations as it enables achieving a good balance between local and global perspectives. International meetings were highlighted as an opportunity to *"set a common ground in terms of company culture while also respecting and being mindful of the individual characteristics of the country's culture"*, as noted by Respondent 7. Dialogue, cross-cultural communication, diversity, and professional development were emphasized as crucial aspects by the respondents. In line with the literature (Earley & Peterson, 2004), Respondent 7 also highlighted the importance of gaining international experience and

observing others to improve CQ. According to Respondent 7: *"It's just being aware of the other person, observing, trying to communicate, asking questions to be sure what is expected and what you expect."* However, Respondent 2 noted that even those who have had cross-cultural experiences, such as living in different countries, may still require onboarding and training to understand the nuances of a new market. Furthermore, understanding legal restrictions and regulations in different countries is crucial, particularly when it comes to advertising, as confirmed also in the literature review (Jain, 1989).

Overall, the interviews offer valuable insights into the significance of firm's CQ for global success. As emphasized by Respondent 2, *"Those two, three weeks of one boarding to a new reality is critical in my opinion"*, companies that invest in CQ training and prioritize understanding the nuances of different markets are more likely to succeed in a globalized business environment.

Professional development, learning, cultural awareness, empathy, and the embracing of diversity emerged as key themes. These themes suggest that firms need to prioritize CQ and take steps to develop it both at an individual and company-wide level to succeed in the global market.

4.3 Impact of Cultural Intelligence on FMCG firms in marketing strategy and decision-making

The interviews conducted in this study highlighted the significant impact of CQ on FMCG firms in their marketing strategy and decision-making processes. FMCG companies operate in culturally diverse markets and understanding consumer needs and preferences across different cultures and regions is crucial for their success (Watson et al., 2018; Kostova, 1997).

"Cultural intelligence is highly important in the FMCG industry, considering the nature of the business and the complexities of operating in culturally diverse markets"
(Respondent 3)

Maintaining brand purpose while remaining relevant in different markets poses a challenge for global brands, as discussed in the previous section. The key challenge is to ensure consistency and local relevance without compromising the brand DNA (Respondent 8). Adapting marketing strategies to suit the specific needs and preferences of local consumers is crucial (Song et al., 2018). As respondents 7 and 8 stated, CQ is a mindset and an approach towards international business, including international marketing and overall strategy: *"Cultural intelligence is basically spread everywhere, in every step of the strategy."* However, there can be barriers to

developing CQ, such as the pressure to meet objectives and a lack of awareness or recognition of its value.

“It’s important to remember that P&G is a company that is really focused on consumers’ needs to understand each country or specific consumer needs. P&G as a leading company, has the responsibility to be a force for good in as a company as well as a citizen... We need to translate this to our actions, brand strategies and communication.” (Respondent 6)

The majority of respondents emphasized that understanding consumer behavior and cultural differences is crucial in developing effective marketing strategies (6/8 respondents): *“The strategy should be adapted according to the cultural context and the needs of consumers, as they are naturally influenced by culture* (Respondent 1)”

CQ can significantly impact a firm's ability to resonate with target consumers in different countries. It involves evaluating CQ to ensure that products and marketing messages are tailored to local cultures. Respondent 1 provided an example of how a makeup brand adapted its product portfolio for the Italian market, where beauty was more significant, while hygiene products were more valued in Portugal. Therefore, interviews emphasized how cultural differences and cultural sensitivity can impact product portfolio decisions in global companies.

Most of the companies interviewed were multinational, which means they have a common set of standardized values across the organization (Respondent 2). However, at the local level, there is usually flexibility and autonomy in deciding which products, marketing mix, and distribution models are suitable for local shoppers and consumer needs (Respondent 5). Respondent 3 gave examples of how the ingredients, taste preferences, and functional benefits of products differ between countries, and how CQ helps companies adapt to these differences.

“The modern trade market caters to local tastes and functional needs, such as darker coffee in Vietnam or coffee with more iron in a certain African country to combat iron deficiency” (Respondent 3)

The trade market has been mentioned to guide marketing strategy in the FMCG sector (Respondent 3). The modern trade market refers to large retail chains and supermarkets, while smaller and independent shops are considered to be part of the traditional trade (Sitaraman, 2018). Respondents suggested that businesses need to apply specific marketing strategies that consider the unique characteristics of each market. For example, in Vietnam, where the traditional trade market prevails, a different marketing strategy is required (Respondent 3). Similarly, also Respondent 2 provided an example of the cultural significance of taste

preferences, highlighting the importance of adapting products to suit the local market and, in this example, to local flavors. Designing brand equity for multiple countries requires careful considerations of cultural differences and consumer behaviors.

“For instance, cinnamon is culturally a very strong taste in some markets. For some cereal that you wanna launch, it’s something that you need to be aware that in some other markets, it’s not really a normal flavour there” (Respondent 2).

Cultural differences impact decision-making strategies (Ang & Inkpen, 2008) and stakeholder engagement in the FMCG sector, as highlighted by Respondent 2. Understanding cultural factors and empathizing with local partners were pointed out by Respondent 8 for establishing strong relationships and partnerships, as defined by Livermore (2010) as action CQ capability. Adaptation and flexibility are key to navigating cultural differences and managing internal expectations accordingly (Respondent 8), in line with the definition of strategy as CQ capability (Livermore 2010). In other words, it is important to approach each market with a different strategy and manage internal expectations in line with cultural norms (Magnusson et al., 2013).

“Adaptation for me is the key. Flexibility is the keyword” (Respondent 8)

Another topic mentioned during the interviews concerns cross-cultural communication and the cultural dimensions of Hofstede (Respondent 2). For example, communication styles differ between the UK and German markets, which require different approaches to presenting information and delivering messages. Cultural nuances such as brand naming, packaging, and advertising regulations must also be considered. Certain brand names may have negative connotations in some countries, and certain regulations may affect the way products are packaged and advertised (Respondent 2). Therefore, respondents suggested that companies must have a good understanding of the cultural differences in each market they operate to ensure their products and marketing strategies are successful.

The importance of CQ varies across product categories as well. While cheap products dominate in the FMCG sector (Forsberg & Löfvenberg, 2011), there are some premium products such as coffee capsules, where communication and price are standardized (Respondent 3). Similarly, water bottles have universal needs. On the other hand, confectionery products can differ significantly in taste and aesthetics, highlighting the importance of understanding local preferences and cultural nuances (Respondent 3). Respondent 2 provided an example to illustrate this point: *“I’ll give you an example, in the US you have some really strong sugary products, right? And you can’t force those products, in most European markets due to cultural*

differences. You obviously need to consider that when establishing the strategy for your market.”

In conclusion, the interviews revealed that CQ plays a key role in the marketing strategies and decision-making processes of FMCG firms. Understanding consumer behavior, adapting product portfolios, and considering cultural differences in communication, branding, and regulations are crucial elements of successful global marketing efforts. By recognizing and adopting CQ into their strategies, FMCG firms can effectively navigate diverse markets, resonate with target consumers, and build strong brand equity worldwide.

4.4 The Role of Cultural Intelligence in adaptation and standardization strategy

When entering a new international market, CQ plays a crucial role in understanding consumer behavior for FMCG firms to determine whether to standardize or adapt marketing mix strategies (Kraus et al., 2016). The interviews highlighted that this decision depends on various factors that need a careful consideration.

First, before choosing between standardization and adaptation, it is essential for FMCG firms to conduct extensive market research, trend analysis and consumer behaviors analysis, since consumers are constantly changing. As Respondent 7 stated, *"Companies have to enter the specificities of the market, of the people, of the culture to adapt."* By understanding what is relevant to the target audience and their behavior, companies can create a successful marketing campaign (Respondent 3). Collaboration between research and marketing departments is recommended to combine insights and develop effective strategies (Respondent 1). Research should be considered critical in all aspects of the business (Respondent 2).

The decision to standardize or adapt is not mutually exclusive, as discussed in the literature review (Vrontis, 2003), which also applies to the FMCG sector (Poulis, 2011), especially for MNCs: *"Every multinational struggle on balancing between standardizing and also being local"*(Respondent 7). Respondent 1 mentioned: *"You need to mix to balance your costs and the positive outcomes that might come from those added costs of adaptation"*.

While standardization is crucial for operational, efficiency and environmental benefits (Griffith, 2010), it is not a guarantee for success (Respondent 7). Companies should not focus only on standardization without considering cultural differences and customer behavior in different countries, as emphasized by Respondent 7. Adapting to local cultures, consumer behavior, and preferences is equally important. For example, Respondent 5 noted: *"Our attempt to introduce*

a product to the French market failed because consumers did not understand it. So, it is crucial to understand the local market before launching a product".

In the FMCG sector, there are usually both constant products and assortments that require minimal adaptation, such as label translation, to fit the cultural preferences of the target audience. Respondent 1 explained that *"The majority of the product are gonna have the same common ground and then small adaptations."* While global aspects are used for scale advantages, local communication, in-store materials, stakeholders, and employees are tailored to the specific market (Respondent 7). Minimal adaptations allow companies to build trust, loyalty, and engage with customers on a deeper level (Respondent 4).

"You have a certain type of assortment that is constant. There are certain types of products that don't change independently of the location. The only thing that will change is the label that will be translated, or it'll be minimally adapted ... but the product itself is gonna stay the same" (Respondent 1)

Localization of production can be an effective strategy to reduce costs, strategically locating factories for different adaptations. However, satisfying every single country is not feasible due to logistical challenges, so compromises must be made at the continental level (Respondent 5). Global brands may face challenges with local tastes, preferences, and naming products to avoid cultural misunderstandings (Respondent 2).

The size of the brand and category in which the company operates also determine the extent of local adaptation that is needed. Differentiation can be achieved by using product ingredients that suit local tastes, and by adapting marketing and communication strategies. Media habits and preferences also differ between countries and should be considered in marketing strategies (Respondent 3): *"In certain countries, TV is still remaining a significant communication media and advertising, while other forms of telecommunication may not have as much reach or impact"*. Pricing strategies should be adjusted based on local market price sensitivity, with appropriate discounts or volume promotions like "buy one, get one free". Below-the-line communication methods, such as using sampling, were also mentioned as part of the strategy.

In conclusion, by leveraging CQ and continuously monitoring market trends and consumer behavior, FMCG firms can develop effective marketing campaigns that drive sales and build brand loyalty. Balancing standardization with cultural adaptation is crucial for success. The FMCG sector is highly competitive and adapting marketing mix strategies to meet the needs of different target audiences is essential (Cavusgil & Zou, 1994).

"If you don't adapt those details to consumers, another brand is gonna win" (Respondent 1)

4.5 Limitations and recommendations of incorporating cultural intelligence into international marketing strategies for FMCG firms

This section discusses limitations and recommendations for incorporating CQ into international marketing strategies for FMCG firms, based on the insight gathered from interviews.

4.5.1 Limitations of CQ

One main limitation identified in this study is the investment of time and resources required for conducting detailed marketing research. As noted by Respondent 1, CQ requires expertise, learning, and fieldwork to understand consumer behavior accurately: *“It is hard. I mean, it is something that takes a lot of knowledge, takes a lot of learning, a lot of paying attention, and a lot of fieldwork in the sense that you must be aware of the consumer to understand exactly how they behave.”* Therefore, firms need to allocate resources and invest in gaining a deeper understanding of the local culture, consumer behavior, and interaction.

Another limitation highlighted by Respondent 6 is the potential impact on the company speed and agility. Incorporating CQ could slow down a firm's ability to bring products or services to the market promptly, putting it at a disadvantage compared to competitors who are more responsive to cultural differences and changes in consumer behavior.

Managing conflicting interests within the company and balancing different stakeholder priorities in terms of business strategy can also be a challenge. As Respondent 6 noted, *“Convincing internal stakeholders to change the way we communicate, the way we are as a brand, was really difficult. It was a very important moment about taking risks and taking the right things to adapt to the new world, the new reality, the new way...”*

Additionally, personal limitations were identified in understanding and adapting to different cultures. Respondent 2 pointed out hierarchical limitations, where assumptions are made that approaches successful in one country will automatically work in another. It is crucial to conduct proper research and be patient when driving changes to overcome these limitations.

4.5.2 Recommendations for CQ

Based on the interviews, several key recommendations for FMCG firms were proposed to incorporate CQ into their international marketing strategies, addressing the limitations mentioned.

■ Detailed Plan and physical presence

First of all, FMCG firms should develop a detailed plan that prioritizes the consumer when expanding internationally. This includes partnering with reputable research companies, visiting the target market, and having a multidisciplinary team. Having a physical presence in the countries of operation allows for deeper insights into the local culture, consumer behavior and consumer interaction. As noted by Respondent 1: *“If you are in the place, you are able to gain much more and absorb much more information.”* Developing cross-cultural skills requires direct local contact. As Respondent 8 mentioned: *“It’s having contact, for me it’s the key”;* *“unless you have a direct contact with these cultures...it’s really hard to develop it, because it’s not natural.”*

■ Market Research and Trend Analysis

Almost all the respondents (6/8) recommended that firms continuously track and adapt to changes in culture and consumer behavior. Conducting proper market research, including both quantitative and qualitative methods, trend analysis, as well as investing in marketing intelligence and social media monitoring, is recommended by most respondents. By focusing on the most significant trends, companies can remain relevant and competitive in the long run. Testing products with consumers before launch is also emphasized to identify criticalities and areas for improvement (Respondent 5).

■ Building Strong Sales Teams and Collaborative Departments

Developing CQ and effective international marketing strategies requires building strong sales teams and agencies with insights into the local market (Respondent 3). Having dedicated departments for consumer marketing insights and ensuring collaboration between departments is crucial, as highlighted by respondents 1 and 7. It is also beneficial to have individuals in each office who understand the local culture and can provide relevant advice. As Respondent 7 and 1 suggest, it is crucial to have a 360-degree perspective on cultural differences and their implications for various departments of the company.

“Creating the type of departments of consumer marketing insights are crucial because there are people dedicated only to absorbing our information and to give it to other departments that are gonna be able to take it and work it in order to strategize.” (Respondent 1)

■ Adapting to Cultural Differences

FMCG firms should prioritize the development of CQ at both the individual and organizational levels. It is recommended to integrate CQ into all business strategies including communication, packaging, pricing, and everything else that may be influenced by cultural differences. *“As the*

world becomes more globalized, it is important for companies to be inclusive and culturally sensitive in order to effectively compete in the global marketplace” (Respondent 7). Open-mindedness and a willingness to learn from cross-cultural situations are also essential.

“Cultural differences are interesting and that understanding how cultural barriers are being broken is fascinating. Cultural Intelligence is in every environment you’re working in” (Respondent 2)

■ **Balancing Fast and Slow Innovation**

Cultural changes take time to adapt, and companies need to find a balance between fast and slow innovation. It is crucial to understand that cultural changes occur gradually and have patience in implementing innovations. Respondent 2 provided an example from the cigarette market, where it took time for vaping to gain market size.

"I think, the problem with the culture is that changes are not sudden cultural. Took centuries, or decades at least. And it is a very slow change. Giving you an example, you can see the cigarette market, where people now are starting to vape and stuff. You know, the tobacco companies started 10 years ago trying to push it, but it took a while for the culture to start adapting to it." (Respondent 2)

In conclusion, by investing in CQ and implementing the recommendations discussed in this chapter, FMCG firms can develop effective international marketing strategies and overcome the limitations presented. Companies that consider cultural differences and embrace diversity are more likely to succeed in their international initiatives.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

5.1 Main Findings & Conclusions

The study aimed to explore the role of cultural intelligence (CQ) in the marketing strategies of firms operating in the FMCG sector. Through eight interviews conducted with marketing professionals, several key insights were revealed that address the research question and hypotheses established in the literature review. While previous studies have recognized the significance of CQ in general management, limited literature focuses on the FMCG sector, particularly from a marketing perspective. Therefore, a qualitative study was conducted to increase knowledge in this field and better understand the perceptions of marketing professionals regarding the topic and provide practical examples.

1. *H0: Marketing professionals, as individuals with higher levels of Cultural Intelligence (CQ), are more likely to effectively incorporate cultural considerations into their international marketing strategies.*

The respondents associated CQ with cognitive, emotional/motivational, and behavioral dimensions, while the physical aspect was not explicitly mentioned, even though it plays a crucial role in marketing adaptation. Overall, respondents demonstrated awareness of the impact of CQ on the overall business strategy, performance, and professional development. In particular, respondents with more years of experience in international marketing in the FMCG confirmed the crucial role of CQ in developing marketing strategies, supporting H0. The alignment between the literature review and the interview findings confirms the relevance and significance of CQ in international marketing strategies and provide insight into methods for improving CQ.

2. *H1: The concept of Firm Cultural Intelligence is necessary for effective decision-making in the FMCG industry.*

The interview results provide partial support for hypothesis H1, which states that Firm CQ is necessary for effective decision-making. According to the findings, respondents acknowledge the importance of both individual and firm-level CQ for effective decision-making in the FMCG industry. The results highlight that firms with higher levels of CQ are better equipped to make informed decisions, particularly regarding standardization and adaptation strategies, when entering new international markets (Moon, 2010). The importance of CQ is reciprocal, as companies must educate their employees about different cultures and how to collaborate with individuals from diverse backgrounds. It is important to note that CQ is not a one-size-fits-all concept, as different cultures require different approaches. What works in one culture might not work in another. Therefore, developing CQ should be an ongoing process that involves continuous learning and adaptability to new situations continually.

Additionally, the findings highlight the need for companies to be flexible, adaptable, and capable of navigating cultural differences, which aligns with previous studies by Kang et al. (2007) and Ang and Inkpen (2008). The importance of understanding cultural nuances, consumer behaviors, and market preferences is emphasized in both the literature review (Moon, 2010; Kogut & Singh, 1988; Sousa & Bradley, 2006; Soutar et al., 2007; Triandis, 1989; Yenyurt & Townsend, 2003) and the interview results.

In conclusion, the interviews reveal that CQ plays a crucial role in stakeholder engagement, cross-cultural social interactions, and establishing successful partnerships in foreign markets. Therefore, regarding the concept of Firm CQ, respondents emphasized its significant impact on decision-making strategies, making them more effective as an integral part of the marketing strategy employed by companies.

3. *H2: Companies with higher CQ are more likely to achieve success in foreign markets and in marketing strategy.*

Based on the findings, conclusions can be drawn to support hypothesis H2, indicating that companies with higher levels of CQ are more likely to be successful in foreign markets and marketing strategies. According to both literature and interviews, FMCG firms with high CQ are better equipped to navigate cultural differences, organize complex products and processes, and gain a competitive advantage (Moon, 2010; Skarmeas et al., 2016; Parente et al., 2011). However, the literature review does not directly address the challenge for global brands, where CQ can compromise the brand's DNA, highlighting the need for careful strategic planning and implementation to achieve the right balance between adaptation and brand consistency.

The importance of understanding consumer behavior, adapting product portfolios, and considering cultural differences in communication, branding, and regulations was emphasized during the interviews, providing examples of how CQ can help companies in their marketing strategies to adapt to the specific cultural context and meet the needs of local consumers. Overall, the results suggest that companies with higher CQ are more likely to succeed in their marketing strategies and foreign markets. FMCG firms may effectively navigate diverse markets, connect with target consumers, and create strong global brand equity, by recognizing and adopting CQ into their strategies.

4. *H3: Cultural intelligence positively affects the decision-making process regarding whether to standardize or adapt marketing mix strategies in the FMCG sector when entering new international markets.*

The findings strongly support H3, as the literature review and interview results further demonstrate the need for CQ in adaptation and standardization strategies when entering new international markets (Kraus et al., 2016).

Companies with high CQ are able to understand the local culture and consumer behavior, leading to better decisions about whether to modify or maintain their marketing mix strategies

(Day, 2011; Moon, 2010). This decision is not mutually exclusive and often involves a combination of standardized and adapted elements (Vrontis, 2003). While the literature review emphasizes the importance of CQ in the decision between standardization and adaptation, it does not explicitly address the practical implications for decision-making in FMCG companies. However, interview results suggested important considerations. Thorough market research, understanding the local market, and taking cultural differences into account are crucial steps for FMCG companies when deciding whether to standardize or adapt marketing mix strategies.

Localization of production, minimal product adaptations for constant products, and tailoring communication strategies to specific markets are common practices in the FMCG sector. Additionally, pricing strategies, media habits, and below-the-line communication methods should be adjusted based on local market characteristics.

Overall, the findings validate the hypotheses, emphasizing the critical role of CQ in effective communication, decision-making, marketing strategy, and the standardization/adaptation dilemma within the FMCG industry. The literature reviews and the interview findings complement each other, providing a comprehensive understanding of the importance of CQ in marketing strategies and decision-making processes of FMCG firms operating in culturally diverse markets. Both sources consistently emphasize the importance of CQ for achieving success in global marketing efforts. Understanding consumer behavior, adapting marketing mix strategies, and considering cultural differences are identified as key factors. Furthermore, the interviews make valuable contributions by exploring limitations and providing recommendations for implementing CQ into marketing strategies.

5.2 Managerial and Academic Contributions

This research makes significant contributions to the existing knowledge in the field of international marketing and the FMCG sector.

Firstly, the FMCG industry is a critical sector that drives economic growth and development globally. As the demand for FMCG products continues to increase worldwide (NielsenIQ, 2023), the findings of this research offer valuable insights for FMCG firms to improve their competitiveness in foreign markets and develop effective international marketing strategies.

By developing CQ, FMCG firms can better understand and adapt to the cultural preferences of foreign consumers, allowing them to navigate the challenges of international expansion and achieve sustainable growth.

Secondly, this research contributes to the existing knowledge by exploring the implications of CQ on marketing strategies and decision-making processes. By offering distinct perspectives on the subject, it provides practical guidance for FMCG firms to improve their international marketing strategy.

Thirdly, there is a limited amount of literature that specifically focuses on the FMCG sector. Most studies tend to examine CQ within a broader organizational context or across different industries. This research addresses this gap by specifically exploring the application of CQ in the FMCG sector. As a result, it provides industry-specific insights and implications that FMCG companies can greatly benefit during their international expansions.

Overall, this research offers valuable insights both academically into the field and establishes a foundation for further exploration in the FMCG industry. As a matter of fact, it provides practical recommendations and insights for FMCG firms seeking to expand their businesses internationally, particularly in culturally diverse markets, or seeking to improve their international strategy. By tailoring their marketing campaigns and product development strategies to align with the cultural preferences of foreign consumers, FMCG firms can improve their chances of success in international markets. Ultimately, the research contributes to the advancement of theory and practice in the field of international marketing while having significant implications for the success of FMCG firms operating globally.

5.3 Limitations and further research

This section discusses the limitations of the study and of the research process, which should be taken into consideration when interpreting the findings. Moreover, it highlights several areas that require further investigation.

5.3.1 Bias of Interviews

The research was based on in-depth interviews, which are subjective and can introduce biases (Nunan et al., 2020). The responses and perspectives provided by respondents may be influenced by their personal biases or limited knowledge, potentially introducing inaccuracies or incomplete information (Nunan et al., 2020). Therefore, it is crucial to recognize that some level of bias may still be present in the data.

Moreover, the role of the interviewer is critical in validating the data collected during interviews (Khan & MacEachen, 2022). Despite efforts to be impartial and objective, the interview process

itself may have influenced the respondents' answers or led to ambiguous or misleading results. As this study was my first experience with qualitative research, there may have been biases in the interviews' conduction, their interpretation, as well as in the interaction with the respondents. Additionally, biases may be introduced because interviews were conducted online, such as limitations in non-verbal communication and lack of physical contact (Khan & MacEachen, 2022). Therefore, further research should be aware of any potential biases and work to minimize them, in order to increase the validity of the data obtained (Khan & MacEachen, 2022).

5.3.2 Time Requirement & Non-representative Sample

The process of conducting eight personal interviews proved to be time-consuming, from finding potential respondents to scheduling and conducting the interviews. As a result, the number of interviews conducted was limited to eight, which does not align with the recommended range of 9-17 interviews for achieving data saturation (Hennink & Kaiser, 2022) or around 12 interviews according to Braun and Clarke (2021). This limitation has inevitably influenced the depth of analysis and the generalizability of the findings. Future studies should consider increasing the sample size to enhance the reliability and validity of the research outcomes and obtain a more comprehensive understanding of the topic. As a matter of fact, given the qualitative nature of this research, a limited number of samples were collected, consisting of only marketing professionals. While efforts were made to select diverse respondents, it is important to note that the findings may not be representative of the entire FMCG industry or international markets. Furthermore, it is crucial to note that the use of purposive sampling in this research introduces a level of subjectivity, which can lead to errors (Burns et al., 2017). To overcome these limitations, future research should aim for a larger and more diverse sample size. This should include professionals from various FMCG company department areas and/or from different market industries. It is important to note that in this study, all the respondents were from Europe, with one of them currently working in Vietnam, but originally from Greece. By expanding the sample to include professionals from different regions, the research can gain more insights into the topic and increase its representativeness. Finally, adopting focus groups and a quantitative research approach could establish stronger correlations and identify statistical significance.

5.3.4 Related topics

Since respondents mentioned correlated topics of interest, further research could explore the connection between CQ and Hofstede dimensions, as well as examine the impact of CQ on emotional challenges in the context of FMCG firms. Investigating these additional variables would contribute to a deeper understanding of the complex dynamics involved in international marketing strategies and decision-making processes.

Overall, while the eight in-depth interviews conducted in this study have provided valuable insights, it is essential to recognize the limitations described. By addressing these limitations through future research, a more comprehensive understanding of the topic can be achieved.

REFERENCE LIST

- Ang, S., & Inkpen, A. (2008). Cultural intelligence and off-shore outsourcing success: A framework of firm-level intercultural capability. *Decision Sciences*, 39(3), 337–358. <https://doi.org/10.1111/j.1540-5915.2008.00195.x>
- Ang, S., & Van Dyne, L. (eds). (2008). Handbook of cultural intelligence: Theory, measurement, and applications. *M.E. Sharpe*.
- Bahadir, S., Bharadwaj, S., & Srivastava, R. (2015). Marketing mix and brand sales in global markets: Examining the contingent role of country-market characteristics. *Journal of International Business Studies*, 46(5), 596–619. <https://doi.org/10.1057/jibs.2014.69>
- Bandura, A. (2002). Social cognitive theory in cultural context. *Applied psychology*, 51(2), 269-290.
- Burns, A. C., Veeck, A., & Bush, R. F. (2017). Marketing Research. *Pearson Education Limited*, pp. 254.
- Cavusgil, S.T. and Zou, S. (1994). Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures. *Journal of Marketing*, Vol. 58 No. 1, pp. 1-21.
- Clarke, V. & Braun, V. (2021). To saturate or not to saturate? Questioning data saturation as a useful concept for thematic analysis and sample-size rationales. *Qualitative Research in Sport, Exercise, and Health*, 201-216.
- Daft, R.L. (2004). Organizational Theory and Design. *Southwestern Cengage Learning*.
- Day, G. (2011). Closing the marketing capabilities gap. *Journal of Marketing*, 75(4), 183–195. <https://doi.org/10.1509/jmkg.75.4.183>
- Deari, H., Kimmel, V., & Lopez, P. (2008). Effects of cultural differences in international business and price negotiation [Master Thesis]. Växjö universitet. Retrieved from <http://lnu.diva-portal.org/smash/get/diva2:206119/FULLTEXT01>
- Deci, E. L., & Ryan, R. M. (1985). Intrinsic Motivation and Self-Determination in Human Behavior. *Plenum Press*. <http://dx.doi.org/10.1007/978-1-4899-2271-7>

- DiCicco-Bloom, B. & Crabtree, B. (2006). The qualitative research interview. *Medical Education.*, 314-321.
- Earley, P. C., & Ang, S. (2003). *Cultural intelligence: Individual interactions across cultures.* Stanford University Press.
- Earley, P. C., & Peterson, R. S. (2004). The elusive cultural chameleon: Cultural intelligence as a new approach to intercultural training for the global manager. *Academy of Management Learning and Education*, 3, 100-115.
- Horská, E., Prokeínová, R., Gálová, J., Kadekova, Z., Krasnodębski, A., Maitah, M., Matysik-Pejas, R., Nagyová, L., Omarkulova, M., Paluchová, J., Příbyl, M., Smutka L., Szabó Z., & Wach, K. (2014). *International marketing: Within and beyond Visegrad borders* (pp. 70).
- Forsberg, M., & Löfvenberg, S. (2011). *Socially Desirable Fast Moving Consumer Goods* [Master's thesis]. Uppsala Universitet.
- Watson, G. F., Weaven, S., Perkins, H., Sardana, D., & Palmatier, R. W. (2018). International Market Entry Strategies: Relational, Digital, and Hybrid Approaches. *Journal of International Marketing*, 26(1), 30–60.
- Griffith, D. A., Hu, M. Y., & Ryans, J. K., Jr. (2000). Process standardization across intra- and inter-cultural relationships. *Journal of International Business Studies*, 31, 303-324.
- Griffith, D.A. (2010). Understanding multi-level institutional convergence effects on international market segments and global marketing strategy. *Journal of World Business*, Vol. 45 No. 1, pp. 59-67.
- Hazzam, J., & Wilkins, S. (2022). International marketing capabilities development: The role of firm cultural intelligence and social media technologies. *Journal of Marketing Theory and Practice*, 30(3), 325-341.
- Hennink, M., & Kaiser, B. N. (2022). Sample sizes for saturation in qualitative research: A systematic review of empirical tests. *Social science & medicine*, 292, 114523.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies.* Sage publications.

ICT Group. (n.d.). ICT at a glance. *ICT Group*. Retrieved from ICT Group: <https://www.ictgroup.net/en/who-we-are/ict-at-a-glance>

Jain, S. C. (1989). Standardization of international marketing strategy: Some research hypotheses. *Journal of Marketing*, 53, 70-79.

Jeannet, J. P., & Hennessey, H. D. (2001). *Global Marketing Strategies* (5th ed.). *Houghton Mifflin Company*

Jerez-Gomez, P., Cespedes-Lorente, J., & Valle-Cabrera, R. (2005). Organizational learning capability: A proposal of measurement. *Journal of Business Research*, 58, 715-725.

Joe, K. C., & Kim, S. H. (2007). Factors causing the withdrawal of foreign retailers from the Korean retail market. *Journal of Rural Development*, 30(5), 61-81.

Kang, S., Morris, S., & Snell, S. (2007). Relational archetypes, organizational learning, and value creation: Extending the human resource architecture. *Academy of Management Review*, 32, 236-256. <https://doi.org/10.5465/amr.2007.23464060>

Kemper, J., Engélen, A., & Brettel, M. (2011). How top management's social capital fosters the development of specialized marketing capabilities: A cross-cultural comparison. *Journal of International Marketing*, 19(3), 87–112. <https://doi.org/10.1509/jimk.19.3.87>

Khan, T. H., & MacEachen, E. (2022). An Alternative Method of Interviewing: Critical Reflections on Videoconference Interviews for Qualitative Data Collection. *International Journal of Qualitative Methods*, 21. <https://doi.org/10.1177/16094069221090063>

King, N. (2004). Using templates in the thematic analysis of text. In C. Cassell & G. Symon (Eds.), *Essential guide to qualitative methods in organizational research* (pp. 257–270). *Sage Publications Ltd*. <https://doi.org/10.4135/9781446280119>

Kogut, B., & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19, 411-432. <https://doi.org/10.1057/palgrave.jibs.8490394>

Kostova, T. (1997). Country institutional profile: Concept and measurement. *Academy of Management Proceedings*, Vol. 1, pp. 180-184. <https://doi.org/10.5465/ambpp.1997.4981338>

- Kraus, S., Meier, F., Eggers, F., Bouncken, R., & Schuessler, F. (2016). Standardisation vs. adaption: A conjoint experiment on the influence of psychic, cultural and geographical distance on international marketing mix decisions. *European Journal of International Management*, 10(2), 127–156. <https://doi.org/10.1504/ejim.2016.074468>
- Lages, L. F., Abrantes, J. L., & Lages, C. R. (2008). The STRATADAPT scale: a measure of marketing strategy adaptation to international business markets. *International Marketing Review*, 25(5), 584-600. <https://doi.org/10.1108/02651330810904107>
- Livermore, D., (2015). *Leading with cultural intelligence: The real secret to success* (2nd ed.). Amacom.
- Luo, Y. (2000). Dynamic capabilities in international expansion. *Journal of World Business*, 35, 355-37. [https://doi.org/10.1016/S1090-9516\(00\)00043-2](https://doi.org/10.1016/S1090-9516(00)00043-2)
- Magnusson, P., Westjohn, S. A., Semenov, A. V., Randrianasolo, A. A., & Zdravkovic, S. (2013). The role of cultural intelligence in marketing adaptation and export performance. *Journal of International Marketing*, 21(4), 44-61. <https://doi.org/10.1509/jim.13.0055>
- Markus, H., & Kitayama, S. (1991). Culture and the self: implications for cognition, emotion, and motivation. *Psychology Review*, 98, 224-253. <https://doi.org/10.1037/0033-295X.98.2.224>
- Michell, P., Lynch, J. and Alabdali, O. (1998). New perspectives on marketing mix programme standardization. *International Business Review*, Vol. 7 No. 6, pp. 617-34.
- Moon, T. (2010). Organizational cultural intelligence: Dynamic capability perspective. *Group & Organization Management*, 35(4), 456-493. <https://doi.org/10.1177/1059601110378295>
- Morgan, N., Feng, H., & Whitler, K. (2018). Marketing capabilities in international marketing. *Journal of International Marketing*, 26(1), 61–95. <https://doi.org/10.1509/jim.17.0056>
- NielsenIQ. (2023). The FMCG Pulse: Global FMCG insights for bigger growth in 2023 - NIQ. *NIQ*. Retrieved from NielsenIQ: <https://nielseniq.com/global/en/insights/report/2023/the-fmcg-pulse-global-fmcg-insights-for-bigger-growth-in-2023/>
- Wunsch, N. (2023, May 5). Kellogg Company - statistics & facts. *Statista*. Retrieved from Statista: <https://www.statista.com/topics/1808/kellogg-company/#topicOverview>

Nunan, D., Birks, D., & Malhotra, M. (2020). *Marketing Research* (6th ed.). *Pearson*. Retrieved from <https://www.perlego.com/book/1388475/marketing-research-pdf>

Ozsomer, A., Bodur, M. and Cavusgil, S. (1991). Marketing standardization by multinationals in an emerging market. *European Journal of Marketing*, Vol. 25 No. 12, pp. 50-64.

Parente, R., Baack, D., & Hahn, E. (2011). The effect of supply chain integration, modular production, and cultural distance on new product development: A dynamic capabilities approach. *Journal of International Management*, 17 (4), 278–290. <https://doi.org/10.1016/j.intman.2011.08.001>

Petruzzi, D. (2023, February 7). Colgate-Palmolive - statistics & facts. *Statista*. Retrieved from Statista: <https://www.statista.com/topics/3456/colgate-palmolive/#topicOverview>

Poulis, K., & Poulis, E. (2011). Promotional channels of FMCG firms and tourism: A standardisation/adaptation perspective. *EuroMed Journal of Business*, 6(1), 5-23

Ridder, M. (2023, April 18). Coca-Cola's global workforce 2007-2022. *Statista*. Retrieved from Statista: <https://www.statista.com/statistics/254562/coca-colas-number-of-employees-worldwide/>

Ridder, M. (2023, April 18). Coca-Cola Company - statistics & facts. *Statista*. Retrieved from Statista: <https://www.statista.com/topics/1392/coca-cola-company/#topicOverview>

Rockstuhl, T., Seiler, S., Ang, S., Van Dyne, L., & Annen, H. (2011). Beyond general intelligence (IQ) and emotional intelligence (EQ): The role of cultural intelligence (CQ) on cross-border leadership effectiveness in a globalized world. *Journal of Social Issues*, 67(4), 825-840.

Rugg, G., & Petre, M. (2006). *A gentle guide to Research Methods*. *Open University Press*. McGraw-Hill Education.

Shoham, A., Brencic, M., Virant, V., & Ruvio, A. (2008). International standardization of channel management and its behavioral and performance outcomes. *Journal of International Marketing*, 16(2), 120-151.

Sitaraman, K. (2018). Traditional trade in India: the resilient retailer and implications for POS (point of sale) strategies. *Journal of Indian Business Research*, 10(4), 337–344. <https://doi.org/10.1108/JIBR-12-2017-0247>

Skarmeas, D., Zeriti, A., & Baltas, G. (2016). Relationship value: Drivers and outcomes in international marketing channels. *Journal of International Marketing*, 45(2), 22–40. <https://doi.org/10.1509/jim.15.0065>

Song, R., Moon, S., Chen, H., & Houston, M. (2018). When marketing strategy meets culture: The role of culture in product evaluations. *Journal of the Academy of Marketing Science*, 46(3), 384–402. <https://doi.org/10.1007/s11747-017-0525-x>

Sousa, C. M., & Bradley, F. (2006). Cultural distance and psychic distance: Two peas in a pod? *Journal of International Marketing*, 14(1), 49-70. <https://doi.org/10.1509/jimk.14.1.49>

Soutar, N. G., Lee, J. A., & Ng, S. I. (2007). Are Hofstede's and Schwartz's value frameworks congruent? *International Marketing Review*, 24, 164-180. <https://doi.org/10.1108/02651330710741802>

Statista Research Department. (2023, May 12). L'Oréal - statistics & facts. *Statista*. Retrieved from Statista: <https://www.statista.com/topics/1544/loreal/#statisticChapter>

Statista Research Department. (2023, April 6). Nestlé - statistics & facts. *Statista*. Retrieved from Statista: <https://www.statista.com/topics/1439/nestle/#topicOverview>

Statista Research Department. (n.d.). The Procter & Gamble. *Statista*. Retrieved from Statista: <https://www.statista.com/companies/o/25183957/the-procter-gamble>

Triandis, H. C. (1989). The self and social behavior in differing cultural context. *Psychological Review*, 96, 506-520. <https://doi.org/10.1037/0033-295X.96.3.506>

Tuckett, A. (2005). Applying thematic analysis theory to practice: A researcher's experience. *Contemporary Nurse*, 19, 75–87. <https://doi.org/10.5172/conu.19.1-2.75>

Vrontis, D. (2003). Integrating adaptation and standardisation in international marketing: the AdaptStand Modelling Process. *Journal of Marketing Management*, Vol. 19 Nos 3/4, pp. 283-305. <https://doi.org/10.1080/0267257X.2003.9728212>

Watson, G. W., Weaven, S. K. W., Perkins, H. E., Sardana, D., & Palmatier, R. W. (2018). International Market Entry Strategies: Relational, Digital, and Hybrid Approaches. *Journal of International Marketing*, 26(1), 30–60. <https://doi.org/10.1509/jim.17.0034>

Yeniyurt, S., & Townsend, J. D. (2003). Does culture explain acceptance of new products in a country? An empirical investigation. *International Marketing Review*, 20,377-396.
<https://doi.org/10.1108/02651330310485153>

Zacharakis, A. (1996). The double whammy of globalization: Differing country and foreign partner cultures. *Academy of Management Perspectives*, 10(4), 109–110.
<https://doi.org/10.5465/ame.1996.3145325>

APPENDICES

Appendix A: Interview Questions

Introduction	1	Can you briefly introduce yourself and your experience in international marketing for FMCG firms?
Cultural Intelligence	2	Are you familiar with the term "Cultural Intelligence" and its definition?
Impact of CQ on Decision-making and Marketing Mix Strategies (Role of Cultural Intelligence)	3	In what ways can a firm's cultural intelligence affect decision-making processes and marketing mix strategies?
	4	How important is cultural intelligence in enhancing a company's adaptability in diverse cultural environments?
	5	How does the concept of firm cultural intelligence differ from individual cultural intelligence?
	6	How important is cultural intelligence in the international marketing strategy of FMCG firms operating in culturally diverse markets?
		Can you share your personal experiences in developing and utilizing cultural intelligence in international marketing strategies?
	8	How can cultural intelligence help FMCG firms overcome challenges when operating in culturally diverse markets?
International Marketing Strategy	9	How can companies adapt their marketing mix strategies to suit cultural differences in international markets, and what role does cultural intelligence play in this process?
	10	What are some successful examples of success and failures product developed/ marketing campaign/ marketing mix adaptation to meet foreign customer's cultural differences?
	11	How do you think Cultural Intelligence affects the decision-making process regarding whether to standardize or adapt marketing mix strategies in the FMCG sector when entering new international markets?
Limitations & Recommendations	12	Based on your experience, what are some limitations or challenges of incorporating cultural intelligence into international marketing strategies for FMCG firms?
	13	Based on your expertise, what recommendations do you have for FMCG firms looking to improve their cultural intelligence and international marketing strategies?
Conclusion	14	Is there anything else you would like to add?

Appendix B: Example of transcript coding

<p><i>How are you familiar with the term cultural and intelligence? Or it's new for you?</i></p> <p><u>It's something that I know.</u> Yes. I mean, uh, from my interpretation and from the contact I've had so far is basically how you take, uh, the knowledge regarding culture, um, within your et's say range of operations in the way you can also <u>potentiate your performance</u> or the way you can, uh, better apply, um, to <u>the work you're doing</u> and <u>have better results</u> from taking culture into account.</p> <p>Yeah, exactly. And there is, um, yeah, like a difference between the individual cultural intelligence, And the firm cultural intelligence that can be seen in operations and especially, uh, if the company is working in more countries, needs to evaluate, the cultural intelligence.</p> <p>In what ways can a firm's cultural intelligence affect decision-making processes and marketing mix strategies while you were working for XX ?</p> <p>Uh, <u>I believe so, definitely because</u>, and especially having had experience in two different, countries. It's possible to see that taking into account <u>the profile of consumers and taking into account, the way that culture also changes the needs</u> and the ones of the consumer. It's important to take that into account in terms of <u>strategy in the sense of, of course, XX independently of the country, they have the same products of certain a certain amount.</u></p> <p>They do, the <u>other type changes</u>, which is also something, uh, that is applied in the <u>strategy</u>. Strategy, meaning you have like a baseline of that, let's say, <u>is sold in every single country</u>. And then also taking the culture and taking also the, <u>the needs and the wants</u> of the consumers. Depending on the different country, <u>there's a certain amount of products that are only sold, I don't know, Asia or Certain processes that are only sold in the United States</u>, things like this, but not only in terms of <u>assortment</u> but also in terms of how you communicate those, those needs to, to consumers in the sense of maybe there is a product that has several benefits. But for certain, uh, consumers of certain countries, certain benefits are more relevant than others.</p> <p>And that type of let's say adaptation is made to <u>potentiate</u>, of course <u>sales</u>, which is the main objective. So definitely it was applied and it is applied to date.</p> <p>Can you share your personal experiences in developing and utilizing cultural intelligence in international marketing strategies?</p> <p>Um, I would say, for example, when I was working in <u>Italy one thing that is very different from Portugal</u> is that in our country beauty in itself is seen as you probably know, but it's seen as something <u>more important</u> than people in Portugal, in the sense that certain categories in Portugal, for example, more related with hygiene, are <u>more relevant</u> comparing to Italy in which beauty in itself, pure beauty is more relevant.</p> <p>And taking that into account, I work for the brand XXX , you probably know. It is a brand that is very big in Italy becoming makeup as a category is something in that compared with other countries, is very, very strong in Italy. And consequently, one strategy that, I remember when I was working at XXX we did, was to <u>study the market, and the consumer</u>, and we saw that it was probably a possibility to <u>develop a specific product just for the country</u>. This is something that usually doesn't happen. Usually the headquarters in XXX, they, create not only the idea but also the products themselves. And then that information and those products are sent to several countries. Um, since the makeup ca category was so relevant in Italy, we found, at the time, it could be valuable to another product to the portfolio, just even just if it was just for Italy. So that is an example of how, um, <u>the strategy can be adapted according to what is necessary, according to the culture and the needs of the consumers</u> that naturally are affected by that.</p>	<p>Knowledge of CQ</p> <p>Culture</p> <p>CQ & performance x2</p> <p>CQ & professional development</p> <p>Cultural intelligence influence DM and marketing strategies</p> <p>Consumer behaviour</p> <p>Marketing Strategy</p> <p>Cultural adaptation</p> <p>Consumer behaviour</p> <p>Marketing Strategy</p> <p>International</p> <p>Business: Cross-Cultural Communication</p> <p>Consumer Behavior</p> <p>Goal of adaptation</p> <p>Cultural differences</p> <p>Values</p> <p>Market research</p> <p>Consumer Behavior</p> <p>Product development</p> <p>Cultural adaptation</p> <p>Consumer Behavior</p>
--	--

Ok. How does the concept of firm cultural intelligence differ from individual cultural intelligence? (Comparison)

I think it is something that has to be related to both in the sense that each employee as an individual and as an employee has to have. As to **develop that skill within themselves**. But also it is very important for the company, to view that as a goal, to develop that kind of skills. And each time more is more **important because we live in a world in which people move around in** a way that some decades ago wasn't like this. **Internationalization and multiculturalism** are aspects that are very, very present nowadays and will continue, to be and will become even more important. So I believe it has to be a drive that is from individuals, but also from companies that of course have the power and have the ability to actually define the strategies as an overall.

In my experience, it's something that is integrated in the, let's say, the training that we have to do. But I also think it's also up to each individual in the sense that if I take the initiative to go talk to other employees that, uh, are from different countries or have different experiences, that's something that is my initiative. Nobody made me do it. It made me do it, let's say. But it's extremely important, to be curious. I. And that's something that belongs to each person. Nobody can make you do that make, so if you have that type of curiosity naturally, I think that not only you are able to try to find employees that you can.

I learn a lot from them but also have the **initiative to understand better the consumers by trying to go in the field, trying to understand how they react differently in supermarkets or seeing for real how things happen**. And um, yeah, that's basically what I think.

and how you can understand that you adapt your marketing mix strategy compared to, uh, development of standardized products.?

Um, the first thing that is very important to **understand is the profile of consumers in general**. And it's very important to understand what is relevant to them. And this, uh, this is not only related with benefits of the programs themselves but also how is their behavior regarding **pricing**? How is their behavior regarding, um, the places they prefer to **shop**? If, for example, in Portugal, certain categories people prefer tend to prefer to go to supermarkets, but maybe if you go to Italy or if you go to Spain, they prefer to go to a drugstore because it's something that has a different kind of experience, and that's something that maybe different consumers value that. We need to take this into account. And when you have the whole, research done in terms of **pricing points that people feel comfortable with in terms of benefits, in terms of places they prefer to shop, in terms of timings they prefer to shop**. When you understand all of that, Is a lot easier and it's a lot, um, more structured **to change your marketing mix** according to that. And also it's a lot more **efficient** and a lot more **effective** strategy and it'll translate better to the **sales** part, to the closing the sales. So I would say these are the main points. Need to be taken into consideration. And at the same time, it's super important to ensure that you are not just doing that study once and you leave it done people. **And consumers are changing constantly**. Um, and it's very important to follow the **trends**. It's very important to see, um, **how things evolve and then also to adapt your marketing strategy** according to that.

Usually, you have a department that is really focused on this type of data. You have, usually **consumer insights departments**, and they are doing that work continuously. Um, you also have **other companies that you work with that are tracking market data**, are trying to understand **patterns** and how all things change, and that information usually is analyzed at least **twice a year** really in a deep way. Um, but at the same time, it's something that is **constantly being monitored** in the sense that of course, since we're talking about fast-moving consumer goods, we're talking about, uh, **decisions and ways of purchasing that can change from one moment to the other**. So it is a work that is daily, let's say from those departments. The objective is always to be able to **predict what is a trend in six months**. Because if you are able to **predict** that type of, with that timeframe, you can strategize for what is gonna happen in six months. You know, that in six months people are going to want, because you're seeing things moving, you're seeing needs and that type of search online working a

Professional development
Company Goal

Internationalization
Multiculturalism

Diversity appreciation

Learning
Consumer behaviour
International Business: Field research /Market research

Consumer behavior

Market research

Marketing strategy

Consumer behavior
Market research:
Trends analysis

Consumer behavior

Market research:
Trends analysis

<p>lot faster, and you are predicting by your experience at six months, there's gonna be a boom. If you can predict that what is gonna happen is that you can change your strategy.</p>	
<p>You can even <u>produce different products</u> to ensure that when that hits you're gonna be ready, you're gonna be on the market and you're gonna be booming. And <u>that type of work only happens if it is continuous</u>. So, of course, you have those people that are dedicated, but then those people are <u>always in contact with marketing</u> because, in the marketing department, you take those insights from the markets, take the needs from the business, merge everything, create a strategy, put it out there, and this is basically how it happens,</p>	<p>Marketing strategy Continuity Marketing</p>
<p><i>How do you think Cultural Intelligence affects the decision-making process regarding whether to standardize or adapt marketing mix strategies in the FMCG sector when entering new international markets?</i></p>	
<p>Uhm, you have a certain type of <u>assortment that is constant</u>. There are certain types of products that <u>don't change independently of the location</u>. The only thing that will change is the <u>label</u> that will be <u>translated or it'll be minimally adapted</u> or, or things like that, but the <u>product itself is gonna stay the same, the packaging</u>, etc. I think, I'm not sure how many there are now, but at least seven factories worldwide and what happens is that I would say around 60% of the products will be always the same. And then you have the 40% that, depending on the location that you are, will change a little bit in the sense that, for example, <u>in Asia, you have certain types of preferences that you don't have for example, in Europe</u>. Generalist speaking, beauty is more related to lighter colours, so that type of thing is technically geographically located. And so it's easier, to <u>reduce costs by locating factories also strategically developing different adaptations</u>.</p>	<p>Standardization Minimal Adaptation strategy Cultural differences International Business: Localized production</p>
<p>But, uh, to answer your question, the majority of the product. Are gonna have the same <u>common ground and then the small adaptations</u> that exist are also to take advantage of those opportunities in the market. <u>Because if you don't adapt to certain types of products you're not gonna tell because people are a lot more engaged in the purchase</u>. And consequently, they are gonna be looking for <u>details</u>. And if you don't adapt those details to the consumer, another brand is gonna win. <u>And this is basically how you can do the mix to balance your costs and balance, the positive outcomes that might come from those added costs of adaptation</u>.</p>	<p>Minimal Adaptation strategy Consumer behavior Competition</p>
<p><i>What are some successful examples of success or failure product developed/ marketing campaign/ marketing mix adaptation to meet foreign customer's cultural differences?</i></p>	
<p>I cannot disclose the product, but I remember a specific situation in which the pricing point we decided to put on that product was not optimal. In the sense that for you to position a certain type of product, you're gonna look at the <u>competition</u>. You're gonna look for what you already have in the <u>portfolio</u>. You're gonna understand in terms of <u>benefits, what, the customers will prefer, or what they will associate</u> certain products with. <u>And then you do the strategy for the pricing</u>. And I remember in that specific situation, basically what happened was that our measure wasn't accurate in <u>how much weight the customers would give to a certain benefit</u>. And consequently, as we measure that incorrectly, <u>we put a pricing point that was not optimal for the consumer</u>.</p>	<p>International Business: International marketing Market research Consumer preferences Pricing strategy</p>
<p>Usually in those situations you'll readapt the strategy. Based on your experience, what are some limitations or challenges of incorporating cultural intelligence into international marketing strategies for FMCG firms?</p>	<p>International Business: Product positioning Consumer behavior</p>
<p>It is hard. I mean, it is something that takes a <u>lot of knowledge, takes a lot of learning, a lot of paying attention</u>, and a lot of fieldwork in the sense that you have to be aware the consumer is to understand exactly how they behave. It's not something theoretical</p>	

<p>only. It's something you can only fully understand when you are literally immersed in the environment. So it's definitely something difficult, but it's something that makes a huge difference.</p> <p>A huge difference is completely crucial and I believe there isn't one single company in this world that is, that is successful, that is not taking that into account. They have to, it's impossible to make a successful internationalization without having that into account.</p> <p><i>Based on your expertise, what recommendations do you have for FMCG firms looking to improve their cultural intelligence and international marketing strategies? (business strategy)</i></p> <p>Um, I would say that the most important thing is to, one thing that is very relevant is to have a physical presence in the countries you want to internationalization the sense of if a company wants to if I am a Portuguese company and I want to internationalize, I don't know, to Spain, It's important to be there physically because the type of insights you're gonna gain from being in pleasure 100% more relevant than the ones you guess, or you talk to with people, uh, just by phone or, or video call. If you are in the place, you are able to gain a lot more and absorb a lot more information. You can only see by being in a place. And so that would be definitely something I would say. And then the second thing I would say would be probably understanding that thing I was saying previously, that it's always continuous learning. People and cultures are constantly moving, and certain things, remain kind of the same of course, but the progress is constant and it's important to track that progress, track how it works, and to take that into account and take, into your strategy. So I would say these two things.</p> <p><i>With being in the place you mean like, um, conduct research there or having, for example, offices, employees that work there?</i></p> <p>I think the offices are extremely important. That was what I was saying previously. It's important to have locations physically where, uh, you want to operate. Um, and then at the same time, it's super important to ensure that you are having physical contact with the consumers, with the market.</p> <p>With, that all those stakeholders. To answer your question, very likely I would say creating the type of departments of consumer marketing insights are super crucial because there are people dedicated only to absorbing our information and giving it to other departments that are gonna be able to take it and work it In order to strategize.</p>	<p>Expertise Hard work</p> <p>Importance of CQ</p> <p>Business expansion Importance of physical presence</p> <p>Market research</p> <p>Continuous learning</p> <p>Market research: Trends analysis</p> <p>Physical presence: Importance of physical location</p> <p>Consumer insight: Importance of consumer interaction</p> <p>Consumer insight: Importance of market research</p> <p>Business Management: Corporate structure</p>
---	--

Appendix C: Code Overview

Acknowledgement of Cultural Intelligence			
Category	Code	Example	Respondent
Career Development	Performance	"From my interpretation of cultural intelligence and from the contact I've had with that so far cultural intelligence can also potentiate your performance or the way you can better apply to the work you're doing and have better results from taking culture into account"	1
		"With cultural intelligence, you can have richer results because the perspectives are so different that these tensions or discussions along the process that came back from different backgrounds in different cultures and then really reflect naturally on the richness of the outcome"	8
	Success	"We as managers understand the nuances of the culture, to be able to achieve successfully the results, in the countries we operate"	7
	Professional Development	"I think that with cultural intelligence you can work with a new perspective and develop a global mindset that can be really useful for your career, especially if you work for an international company"	4
Cultural Awareness	Cultural Sensitivity	"When I was in Bulgaria, a simple nod of the head can be a powerful signal of agreement, whereas, in other cultures, the same gesture may be interpreted as a sign of disagreement or confusion, so it was really important for me to understand that"	3
		"I associate cultural intelligence with the knowledge of culture in order to navigate the global markets with respect, and adaptability"	1
	Values	"For me means to meet and understand different cultural values of people with a different culture"	4
Definition	Ambiguity	"I am not really familiar with the term"	3
		"If you put both words together, we have a normal culture and an intelligent culture. For me doesn't make sense"	6
	familiarity	"I had some knowledge of it thanks to school. I think is related to cultural differences"	2
		"I am attending an executive master and one of my teachers, on international management, he mentioned for the first time this term for me"	7
		"I got familiar with it. Especially when I worked in the international business. I got familiar with the theory, I got the hands-on approach. And then I got familiar with all the all these concepts in the relevance of cultural intelligence development"	8

Firm cultural intelligence perspective			
Responsibility	Reciprocity	"Um, I think it's both, I think cultural awareness, is critical for both, the company and individual need have"	2
		"The firm is the collection of the individuals, and individual experiences play a crucial role in shaping the organization's ability to adapt to diverse cultural environments"	3

		"The company will put all the tools needed to investigate those studies and understand consumer needs and specific consumer local relevance needs everything if needed. But the persons in the company need to be conscious and very focused on that path as well"	6
		"I think it's a two-way street, so it is a two-way responsibility, it is important to build up cultural intelligence, but I think it is also a responsibility of the company"	7
	Corporate Social Responsibility	"P&G as a leading company, has the responsibility to be a force for good in as a company as well as a citizen... We need to translate this to our actions, brand strategies and communication"	6
Company Growth	Empathy	"A common ground in terms of the company culture while also respecting and being mindful of the individual characteristics of the country's culture"	7
	Learning	"The key point is to try to better understand...what is behind the idea, and then try to work on that...if you are not able to empathize, it's going to be much harder along the way"	8
	Mindset	"I think it's not so much an area from the company sector, but is very much a mindset and in the way you approach international business, international marketing"	7
		"If the company can pursue whatever want to...but if you don't have the mindset and the willingness to learn and the humility...the company can do nothing"	8
	Flexibility	"Adaptation for me is the key. The flexibility is the keyword"	8
	Company's Goal	"It is very important for the company to view that as a goal, to develop that kind of skill"	1
Global expansion	Internationalization	"And each time more is more important (CQ) because we live in a world in which people move around in a way that's some decades ago it wasn't like this. Internationalization and multiculturalism are aspects that are very, very present nowadays and will continue to be and will become even more important"	1
	Multiculturalism		
Work Environment	Inclusion work	"Building a diverse and inclusive workplace has a huge impact on cultural intelligence. When we embrace different cultures and encourage everyone to share their backgrounds, it not only helps us understand each other better but also brings positive energy to our team"	2
	Communication	"You have a different type of addressing people, you know, and the way you have to be careful with how you, formulate things"	2
		"In my opinion, you'd need gatekeepers, you know, people who will, be like champions of cultural, you know, understanding. Does a person need to understand the culture of the company, and the culture of the country, and keep that knowledge within? It's hard, but it is the only way that you can ensure a smooth transition"	1
	Onboarding	"So all of this, depending on the area you work in within FMCG, has a big influence. And that's why those two, three weeks of one	2

		boarding. To a new reality is critical in my opinion"	
Impact of CQ on a Firm's decision-making processes			
Business Strategy	Strategy	"The strategy should be adapted according to the cultural context and the needs of consumers, as they are naturally influenced by culture"	1
		"You really need to do this cultural intelligence analysis, not only in terms of people in internal how can I approach this, but also in the strategy "	8
	Business management	"Cultural intelligence is highly important in the FMCG industry, considering the nature of the business and the complexities of operating in culturally diverse markets"	3
		"It's going to affect how the people are working, but also the output and success of the company"	7
		"The culture definitely impacts the way the company is managed, the processes, the outcomes, how the operation is run, the results"	7
		"Cultural intelligence is basically spread everywhere, in every step of the strategy"	8
		"The biggest challenge, the international market, is how you can set the truth in consistent with your brand purpose. And become relevant in its scope without changing the requirements"	8
	Adaptation's goal	"Adaptation is made in order to potentiate, of course, the sales, which is the main objective"	1
Impact of CQ on international marketing strategies			
Culture	Cultural differences understanding	"I'll give you an example, in the US you have some strong sugary products, right? And you can't force those products, in most European markets due to cultural differences. You obviously need to take that into consideration when establishing the strategy for your market"	2
	Cultural adaptation	"Local relevance. Well, because to build local relevance, you need to understand the local consumer and adapt your marketing strategy"	8
		"For instance, cinnamon is culturally a very strong taste in some markets. For some cereal that you wanna launch, it's something that you need to be aware that in some other markets, it's not really a normal flavour there"	2
		"The modern trade market caters to local tastes and functional needs, such as darker coffee in Vietnam or coffee with more iron in a certain African country to combat iron deficiency"	3
Research	Market research	"Consequently, one strategy that I remember when I was working at XXX we did, was to study the market, the consumer..."	1
		"Whole research is done in terms of pricing points that people feel comfortable with in terms of benefits, in terms of places they prefer to shop, in terms of timings they prefer to shop"	1
		"When you are moving from trying to enter a market that your company is still not in, you also need to consider all the factors, when moving in. You know, who are the retailers? How is the market structured? What is the culture behind that market, and how are people going to shop"	2

		"In terms of the partnership first. And then, of course, there's the market development, the studies, where, of course, when you want to sell a product, you need to have a very clear picture of the possible. What are the consumer needs? What are the consumer barriers? "	8
	Research Institute	"So that's why we usually do these two parts of the analysis and then I was saying, after two weeks of testing a research institute comes back and asks the person who did the test and asks them a series of questions and then reports that they send us to the research institutes"	5
		"We contact two or three research institutes and hope what we want to do. What is our requirement? They look for a project and a cost estimate and then we decide which institute we want to work with them."	5
Consumer	Understand Consumer Behaviour	" You need to take also the culture into account and therefore also, the needs and the wants of the consumers"	1
		"The first and most important thing to get is who the consumers are"	4
		"You need to understand how is their behaviour regarding pricing? How is their behaviour regarding the places they prefer to shop?"	1
		"I learn a lot from, but also have the initiative to understand better the consumers by trying to go in the field, trying to understand how they react differently in supermarkets or seeing for real how things happen"	1
	Consumer relevance	"In Italy, beauty in itself is seen as something more important than people in Portugal, in the sense that certain categories in Portugal, for example, more related to hygiene, are more relevant compared to Italy in which beauty in itself, pure beauty is more relevant"	1
		"And it's very important to understand what is relevant for consumers"	3
Product		"And pushing the consumer to buy things that they don't understand nor relevant for them is not the right thing to do"	6
	product design	"We try to understand if there are any criticalities if there is something to change in the product or even simply at the level of packaging communication"	5
	Product testing	"The first thing you do is you test products, and you test the product to the consumer, so from your own product in use to your own tests "	5
	Product development	"When I was working at XXX we did, was to study the market, and the consumer, and we saw that it was probably a possibility to develop a specific product just for the country"	1
Impact of CQ on adaptation and Standardization			
Business strategy	Strategic planning	"And obviously you can't cater for every single country, right? So you need to make a plan"	2
		"There are some products that can be used in almost every country in the world, even though are not adapted. So, it's a small example to illustrate the strategic reason behind, we at a local level will adapt, in helping both sides of the situation"	6

		"Every multinational struggles on balancing e between standardizing and also being local"	7
	Business operation	"Thinking from an operational and efficiency standpoint, every company wants to standardize as much as possible. But many times, that's not possible and that doesn't guarantee success"	7
		"Global aspects provide scale advantages, but it is through tailoring local communication, in-store materials, stakeholders, and employees that we create a market-specific impact"	3
	Cost-analysis	" The paper is a very voluminous product, so making transport within 800 kilometres is the business still worth it. But when you go beyond that distance, then it is more cost than profit"	5
		"You need to mix to balance your costs and the positive outcomes that might come from those added costs of adaptation"	1
International Business	Competition	"If you don't adapt those details to consumers, another brand is gonna win"	1
		"To consider every factor because there are some brands who are maybe, you know, local heroes"	2
	Localized production	"It's easier, to reduce costs by locating factories also strategically to develop different adaptations"	1
	Minimal Adaptation	"You have a certain type of assortment that is constant. There are certain types of products that don't change independently of the location. The only thing that will change is the label that will be translated, or it'll be minimally adapted ... but the product itself is gonna stay the same"	1
		"Are gonna have the same common ground and then the small adaptations that exist are also to take advantage of those opportunities in the market"	1
	Marketing strategy	"In certain countries, TV is still remaining a significant communication media and advertising, while other forms of telecommunication may not have as much reach or impact"	3
Research	Market Research	"The first thing that we need to omit, it's all local and local laws and all regulations. We need to meet all those standards, and that's the minimum that we need to have to launch the product"	6
		"Talking about international expansion, it's very important to do that homework before and have partners and really be careful about the strategy that as a company we choose for the international expansion"	7
		"Companies have to enter the specificities of the market, of the people, of the culture to adapt."	7
	Impact on Consumer Behaviour	"Because if you don't adapt in certain types of products, you're not gonna tell because people are a lot more engaged in the purchase"	1
Errors of adaptation	Consumer Behaviour	"There might be some countries in which, you know, for instance, on cereals that some flavours don't really resonate with the people"	2
		"Our attempt to introduce a product to the French market failed because consumers did not understand it. So, it is crucial to understand the local market before launching a product"	5

	Ambiguity	"I don't think it's black or white. Because we can be different, and we can be similar in many ways"	
	Misunderstandings	"Those are classic examples of in within understanding the local environment. Even on a language basis. If you don't do the bare minimum that you will run into problems with that"	2
		"There was a test launched, a very small one, but didn't work. And that was a very simple problem with the naming"	2
		"So we need to check if any of the communication pillars or tone of voice or whatever we decide to do in the brand or in the product is an issue for the local culture"	8
CQ Implementation - Challenges			
Limitations	Expertise	"It is something that takes a lot of knowledge, takes a lot of learning, a lot of paying attention"	1
	Hard work	"CQ require a lot of hard work"	1
	Importance of CQ	"So, it's definitely something difficult, but it's something that makes a huge difference"	1
	Time management	"Building cultural intelligence requires time, patience, and continuous learning."	5
	Resources	"You need to dedicate a lot of resources to help employees increase their cultural intelligence to then adopt in the company strategy"	4
		"The main limitations? For sure resources and their management throughout the company"	3
	Company's agility	"And the issue is speed, you will have less agility and less speed to design things and put them in the market. So, we need more time"	6
	Hierarchy	"I think on personal limitations. it's a hierarchical thing, you know, there's always somewhere, Someone very high that will then say, you know, but I did it in that country and it works. So it will also work here"	2
	Complexity	"There are always cons, constraints and limitations. Things are never easy"	7
	Conflicting interest		"Convincing internal stakeholders to change the way we communicate, the way we are as a brand, was really difficult. It was a very important moment about taking risks and taking the right things to adapt to the new world, the new reality, the new way..."
		"Sometimes there are different interests and stakeholders within the company and people with higher and different levels of power and influence and it's all a dialogue and a discussion"	

CQ Implementation - Recommendations			
	Physical Presence	"One thing that is very relevant is to have a physical presence in the countries you want to internationalize"	1
		"It's important to have locations physically where you want to operate, and then at the same time, it's super important to ensure that you are having physical contact with the consumers, with the market"	1

	Strategic planning	"I would definitely, make a good plan to partner with a good company that does research on the culture, the consumer. The shopper. And I would for sure, have a visit, a trade visit to the country where we want to expand and partner"	7
	Cultural adaptation	"As the world becomes more globalized, it is important for companies to be inclusive and culturally sensitive in order to effectively compete in the global marketplace"	5
	Efficient sales team	"Building strong sales teams into the local market I think is the key to developing cultural intelligence and having effective international marketing strategies"	3
	Local Business Partnership	"With insights into cultural differences and developing empathy towards our local partners, we build meaningful connections and develop collaborations"	8
	consumer-centric	"Specifically, the multinationals, are putting consumers at the centre. If you do that, you need to adapt to a local and needs that local relevance wherever that is needed to win in local markets"	6
Recommendations - Organization	Innovation	"The global marketplace of today requires that you use these cultural differences, understanding different perspectives, and transforming them in an innovation for the company"	8
	Corporate structure	"Usually, you have a department that is really focused on this type of data. You have, usually consumer insights departments, and they are doing that work continuously"	1
		"Likely I would say creating the type of departments of consumer marketing insights are super crucial because there are people dedicated only to absorbing our information and to give it to other departments that are gonna be able to take it and work it in order to strategize"	1
		"And I would also have a very multidisciplinary team, to have a 360 perspective on the cultural differences and the impacts on the various departments of the company"	7
		"So I would say there is no department for cultural intelligence but to make it through any project, any campaign if you don't have it. There is no way you can integrate really the company spirit, the brands, and the ways of working and really well go through and develop yourself within the company"	8
Recommendations - Research	Trend analysis	"But we think the big trends and not the ones that are coming and going to go out and go away. So, we are looking for the big ones "	6
	Market research	"The objective is always to be able to predict what is a trend in six months. Because if you can predict in that timeframe, you can strategize for what is gonna happen in six months"	1
		"It's important to track that progress, track how it works, and to take that into account and take into your strategy"	1
		"Firm should always be aware and understand what happens through good marketing intelligence and social media monitor"	3
		"Research is critical in everything that you do in every business"	2

		" With everything you need to do your research, but I think is really important to see if there are cultural differences and if it makes sense to place your product in another country. And of course, research.	4
	Consumer Insight	"If you have insights, if you know what the people want, if you know, how you deliver to them, if you know their needs, you know, you can better tailor your product for everyone"	2
		"To give you a recommendation is definitely to know the local consumer well, so definitely what to do before launching a product"	5
	Continuous Learning	"Understanding that thing I was saying previously that it's always a continuous learning"	1
	Cultural Immersion	"Until you are in the place and leave small things that make a big difference. And from there you can gain deep knowledge about it"	7
Improve personal CQ	Cross-Cultural Communication	"Observing, trying to communicate, ask questions to be sure, uh, what is expected and what you expect. It's respect, it's dialogue.	7
	Respect		
	Dialogue		
	Diversity Appreciation	"Knowing people from these cultures, be interest, if you are not able to have this kind of contact, it's really hard to develop it because it's not natural"	8
	Experience-Based Learning		
	Avoiding Prejudice and Stereotyping	"It may and also helps when you have your benchmark of your culture. Okay, they are better at this, and they are worse than if this. Okay, let's try. No, they are different"	3
	Humility	"So, people do need to have an open mind in open mindset and humility when they are exposed to these kinds of things and not see it is worse or better"	8
Open-Mindedness			

Appendix D: Code patterns

Acknowledgement of CQ: <ul style="list-style-type: none"> • Career development: <ul style="list-style-type: none"> ○ Performance ○ Success ○ professional development • Cultural awareness <ul style="list-style-type: none"> ○ Values ○ Cultural sensitivity • Definition <ul style="list-style-type: none"> ○ Ambiguity ○ Familiarity 	Impact Of CQ On A Firm's Decision-Making Processes: <ul style="list-style-type: none"> • Marketing Strategy • Adaptation's Goal • Business Management 	Impact Of CQ On International Marketing Strategies: <ul style="list-style-type: none"> • Culture <ul style="list-style-type: none"> ○ Cultural Differences Understanding ○ Cultural Adaptation • Research <ul style="list-style-type: none"> ○ Market Research ○ Research Institute • Consumer <ul style="list-style-type: none"> ○ Understand Consumer Behaviour ○ Consumer Relevance • Product <ul style="list-style-type: none"> ○ Product Development ○ Product Design ○ Product Testing 	Firm Cultural Intelligence Perspective: <ul style="list-style-type: none"> • Responsibility <ul style="list-style-type: none"> ○ Reciprocity ○ Corporate Social Responsibility • Company Growth <ul style="list-style-type: none"> ○ Development ○ Learning ○ Empathy ○ Mindset ○ Flexibility ○ Company's Goal • Global Expansion <ul style="list-style-type: none"> ○ Internationalization ○ Multiculturalism • Work Environment <ul style="list-style-type: none"> ○ Inclusion Work ○ Communication ○ Onboarding
---	---	--	--

Impact of CQ on adaptation and standardization: <ul style="list-style-type: none"> • Business Strategy <ul style="list-style-type: none"> ○ Strategic Planning ○ Business Operation ○ Cost-Analysis • International Business <ul style="list-style-type: none"> ○ Competition ○ Localized Production • Marketing <ul style="list-style-type: none"> ○ Packaging ○ Marketing Strategy ○ Minimal Adaptation • Research <ul style="list-style-type: none"> ○ Market Research ○ Impact On Consumer Behavior • Errors Of Adaptation <ul style="list-style-type: none"> ○ Consumer Behavior ○ Ambiguity ○ Misunderstandings 	Challenges of CQ: <ul style="list-style-type: none"> • Expertise • Hard Work • Importance Of CQ • Time Management • Resources • Company's Agility • Hierarchy • Complexity • Ambiguity • Conflicting Interest 	Recommendations to improve international marketing strategies with CQ: <ul style="list-style-type: none"> • Strategy <ul style="list-style-type: none"> ○ Business Expansions ○ Physical Presence ○ Strategic Planning ○ Efficient Sales Team ○ Cultural adaptation ○ Local Business Partnership ○ Consumer-Centric • Organization <ul style="list-style-type: none"> ○ Innovation ○ Corporate Structure • Research <ul style="list-style-type: none"> ○ Innovation ○ Trend Analysis ○ Market Research ○ Continuous Learning ○ Cultural Immersion ○ Consumer Insight 	Improve personal CQ: <ul style="list-style-type: none"> • Cross-Cultural Communication • Respect • Dialogue • Diversity Appreciation • Experience-Based Learning • Avoiding Prejudice and Stereotyping • Humility • Open-Mindedness
---	--	--	--