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Nikita Matsiushonak
Science tutor *M.Tretyakova*
International University "MITSO" (Minsk)

HOW TO AVOID CULTURAL CONFLICTS WHEN ENTERING NEW MARKETS

Globalization presents companies with new opportunities while simultaneously creating challenges related to cultural differences. Failure to account for these differences can lead to business difficulties, consumer rejection of brands, and unsuccessful market expansion attempts. Therefore, analyzing cultural factors and identifying ways to prevent intercultural conflicts is of paramount importance. The purpose of this study is to explore strategies for successful business adaptation in diverse cultural environments.

Contemporary research emphasizes that cultural conflicts often arise due to companies' insufficient preparation for operating in new environments. As experts note, many organizations limit themselves to superficial studies of cultural characteristics, overlooking deeper differences in values, business communication norms, and decision-making processes. This underscores the need to develop systematic adaptation approaches that account for the complex nature of cross-cultural interaction in business settings.

1. Communication Strategies:

Cross-cultural communication requires a flexible approach. For instance, Eastern cultures typically employ indirect ways of expressing thoughts, while Western societies emphasize clarity and directness in communication [1].

Misinterpreting these differences can lead to misunderstandings and even damage business relationships. Therefore, when entering a new market, it is essential to consider not only language but also interpersonal communication styles.

2. Use of AI Technologies:

Modern technologies, such as artificial intelligence for analyzing communication styles, help companies adapt more quickly. For example, AI-powered platforms can evaluate business correspondence and provide recommendations for adjusting communication approaches [2].

3. Brand and Marketing Localization:

Brands adapted to local cultures are more likely to gain acceptance in new markets. For instance, McDonald's modifies its menu according to each country's culinary preferences. Additionally, proper translation of slogans and advertising campaigns is crucial, as translation errors can lead to negative brand perception.

4. Employee Training:

Companies that invest in training employees in intercultural communication significantly reduce the risk of conflicts. Training programs help staff understand differences in business etiquette, traditions, and partners' behavioral norms. For example, knowledge of negotiation principles in Asian countries enables Western companies to avoid mistakes related to misinterpretation of gestures or conversational pauses.

Modern training methods, such as VR simulations, allow employees to immerse themselves in virtual cross-cultural scenarios, thereby enhancing training effectiveness [4].

It can also be said that globalization presents companies with new opportunities while simultaneously creating challenges related to cultural differences. Failure to account for these differences can lead to business difficulties, consumer rejection of brands, and unsuccessful market expansion attempts. For example:

- Walmart in Germany: Failed due to ignoring local shopping habits (e.g., preference for small stores over big-box retail) and strict labor laws, losing $1 billion before exiting in 2006.
- eBay in China: Struggled against Alibaba because it didn't adapt to local trust-building practices like escrow payments (Taobao's "Alipay" succeeded where eBay's global model didn't).

Effectively overcoming intercultural conflicts requires a comprehensive approach that includes: Analysis of cultural differences, Adaptation of business strategies, Implementation of communication technologies.

Companies that implement these measures gain a competitive advantage in international markets and build positive reputations among foreign partners.

Future research in this field could focus on examining the impact of digital technologies on cross-cultural communication, which is particularly relevant given the growth of remote work and the globalization of business processes.

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