〈Research Note〉

Effects of the concept of cultural distance on the international trade of ‘telenovelas’

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Abstract:
The present research focuses on the study of the impact that the so-called *cultural distance* has on international trade of cultural goods. This concept of *cultural distance* is relatively new and has been gaining a lot of attention by international business scholars in the recent years. Though most of the existent literature has focused on analyzing this concept taking as case studies, volumes of exports of non-cultural products, there is still very little to inexistent research done on the effect of *cultural distance* in the trade of cultural goods. Empirical researchers are observed to be conducting research about cultural products, from a more social and anthropological point of view. Therefore, in the present paper, an attempt is made to determine the degree of impact that cultural distance has, in the trade of cultural products, by introducing as a research case study the expansion of ‘telenovelas’ (Latin American soap operas) in the different global markets.

1. Introduction

During the last decades *culture* has been gaining more and more attention within the international business field studies. And this is reflected by the increasing quantity of academic articles showing this tendency. Culture can be defined as ‘the norms, values and institutions that characterize the society of a country’ (Trompenaars and Hampden-Turner, 1998). But the concept of culture itself is a very broad one, and therefore its relationship with trade can be focused from different perspectives. In many studies, trade has been related to different aspects of the culture of a country, such as language, historical heritage, etc., showing how each of them impacts on volumes of trade between countries. In most of the cases, linking trade with culture, results in a positive relationship, something that emphasizes that culture of targeted countries is becoming an essential element to take into account by companies when they choose new international markets. Lately a new concept related to culture has become very popular within the business field: the so-called *cultural distance*. *Cultural distance* is defined as *the degree to which shared norms and values differ from one country to another* (Hofstede, 2001). Some researchers have opted to use the term 'cultural proximity' in their studies, which in opposition, reflects the similarity in culture of two or more countries.

Under this proposed study:

(i). An attempt is made to determine whether cultural distance has an impact on trade of cultural products, by introducing as a case study the expansion of Latin American soap operas in the different global markets.

(ii). Identify the possible main determinants attributes associated to the concept of cultural distance affecting international trade of cultural goods, derived from the findings of the case study.

2. The concept of *distance* and its different dimensions

Market entry strategies are vital for firms when expanding abroad, since it requires decisions on: firstly *selecting the adequate targeted market*, secondly setting the goals and objectives to be achieved in that market, thirdly selecting the entry mode, fourthly conducting the adequate marketing plan to finally put in practice a satisfactory control system in order to monitor the correct performance of the company in the foreign market.

But how do firms decide where to compete? Or in other words, *what factors are taken into account when selecting new markets*? Until now, the most widely used technique to target countries was the Country Portfolio Analysis (CPA). This methodology emphasizes the importance of potential sales based on a country's economic characteristics (national GDP, consumer's wealth, propensity to consume, etc.) but does not consider other important aspects, and this explains the many failure cases in international expansion. In order to avoid this, entry market decisions should be based on other aspects as well.

Among the other aspects to be taken into account, there is a particular concept, which has been the object of many studies: the concept of 'distance'. Most of the literature available that have focused on the relationship of this concept with trade, have shown the *negative impact* of distance between countries over trade, because logically the farther the distance the higher the trade costs are expected to be. This is very much related to the concept of 'liability of foreignness', which states that a firm operating in a foreign market is in a disadvantageous position if compared to local companies and this inequality even increases with geographical distance between countries (Hymer, 1960). The *Transaction Cost Theory (TCT)* also has the same argument, stating that costs incurred when entering foreign markets will be higher as distance among trading partners increases.

But w*hy is distance such an important aspect to take into account when expanding abroad*? To begin with, we should mention the existence of *distance barriers*. We should note that it's always important to consider all those costs related to these 'distance barriers' because as mentioned earlier, geographic distance increases freight costs. But distance barriers are not only limited to those connected to geographical distance only but also with other aspects such as cultural, administrative or political ones. In other words, the concept of distance in itself has resulted to be too broad because it covers different aspects apart from the traditional geographical distance (Dunning, 1993). Therefore, over the years many academics have focused on narrowing this concept to different *levels or dimensions*. The current available literature refers to the different dimensions of distance, such as: *geographic distance, economic distance, political distance, financial distance, administrative distance*, and *cultural distance*, among others.

The model developed by Ghemawat (2001), that includes four dimensions of distance, is one of the most representative ones, not only because of its clearness in defining each of the dimensions but also because it enumerates the different factors or attributes at each level of distance. Table 1 shows the CAGE (which stands for Cultural, Administrative, Geographic and Economic) model distance framework. This model was developed aiming to help managers identify the effect of distance. The upper part of the graph shows factors comprised in each of the dimensions of distance. In the lower part of the graph, it enumerates the industries and types of products that are affected by the different types of distance.

Table 1. The CAGE Distance Framework

	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
attributes creating distance	- different languages - different ethnicities; lack of connective ethnic or social networks - different religions - different social norms	- absence of colonial ties - absence of shared monetary or political association - political hostility - government policies institutional weakness	-physical remoteness -lack of a common border -lack of sea or river access size of country -weak transportation or communication links -differences in climates	-differences in consumer incomes -differences in costs and quality of: • natural resources •financial resources • human resources • infrastructure • intermediate inputs •information or knowledge
industries or products affected by distance	-products have high linguistic content (TV) -products affect cultural or national identity of consumers (foods) -product features vary in terms of: •size (cars) •standards (electrical appliances) • packaging -products carry country specific quality associations (wines)	-government involvement is high in industries that are: • producers of staple goods (electricity) • producers of other "entitlements" (drugs) • large employers (farming) • large suppliers to government (mass transportation) • national champions (aerospace) •vital to national security (telecommunications) •exploiters of natural resources (oil, mining) •subject to high sunk costs (infrastructure)	-products have a low value-to-weight or bulk ratio (cement) -products are fragile or perishable (glass, fruit) -communications and connectivity are important (financial services) -local supervision and operational requirements are high (many services)	-nature of demand varies with income level (cars) -economies of standardization or scale are important (mobile phones) -labor and other factor cost differences are salient (garments) -distribution or business systems are different (insurance) -companies need to be responsive and agile

Source: 'Distance Still Matters. The Hard Reality of Global Expansion'. (Pankaj Ghemawat, 2001)

3. Cultural distance: definition and related theories

As we have seen, there are different dimensions or levels when we refer to the concept of *distance* between countries. But in the recent years *cultural distance*, in particular, has been catching a lot of attention from many scholars and has been much promoted in the IB field studies. As we have mentioned in the beginning of the paper, *cultural distance* can be defined as 'the differences in values, norms and behavior between two countries' (Shenkar, 2001). In a more narrow sense, it can be considered as the 'differences in religious beliefs, race, social norms and language' (Ghemawat, 2001).

Defining the elements included within the concept of cultural distance is equal to enumerating all those concepts enclosed in the definition of culture. Within the social sciences, all cultures are said to have common features, which are known as *cultural universals*[1]. And these cultural universals can be considered also as elements or attributes of cultural distance. As an example, we can cite those included in the CAGE Distance Framework as the basic and essential ones: *language*, *ethnicity*, *social networks*, *religion*, and *social norms,* among others. That is, all those elements that shape and characterize the culture of a country. All of them can have a great impact on trade between two countries, as they affect consumer's preferences.

There have been some studies linking the concept of cultural distance with different aspects of the internationalization process, with the purpose of analyzing the effect that cultural distance has on market entry decisions (Grosse and Trevino, 1996), entry mode choice (Barkema et al., 1996) and performance in foreign markets (Gomez-Mejia and Palich, 1997).

Some scholars have come to the conclusion that 'firms enter countries with the most similar culture' (Johanson and Vahlne 1977). The same was stated by the so-called *Uppsala process model* developed by the 'Scandinavian school' (Johanson and Wiedersheim-Paul, 1975). According to this theory, after gaining experience in the local markets, firms tend to progressively expand from those foreign markets, which are culturally and geographically close to more culturally and geographically distant destinations. This is because adaptation to foreign cultures and values can be considered as time and cost consuming and differences between the home culture and the foreign culture tend to 'increase the costs of entry, decrease operational benefits and hamper the firm's ability to transfer core competencies to foreign markets' (Palich and Gomez – Mejia, 1999). There is another theory similar to the stated by the 'Scandinavian school'. This theory is known as the 'Cultural Familiarity Theory', which states that 'firms are less likely to invest in culturally distant countries and that they show poorer performance when they do' (Lee, Shenkar and Li, 2008). Indeed, operating in a foreign country is harder because of the lack of familiarity of the firm regarding the foreign environment.

A few studies, on the contrary, did not find cultural distance having a significant influence on market entry decisions (Benito and Gripsrud 1992). According to them, other factors, such as economic ones, are more determinants to market entry than cultural factors are. But overall, most of the studies have shown a negative relationship between cultural distance and global expansion because given the options, firms prefer to enter those countries that are culturally similar.

Most of the conclusions of the theories mentioned earlier, were based mainly on trade of manufactured products. But as we mentioned in the introduction part, there is very little research done regarding the impact of cultural distance on the trade of cultural products.

Since cultural products are quite different from the traditional manufactured ones because of their very unique characteristics, in the following section, we will briefly explain this concept in order to get a better understanding of the international trade of these products. Finally we will introduce an example of a cultural product, given by Latin American television programs (most exactly Latin American soap operas) in order to see what is the degree of influence of cultural distance on their international expansion.

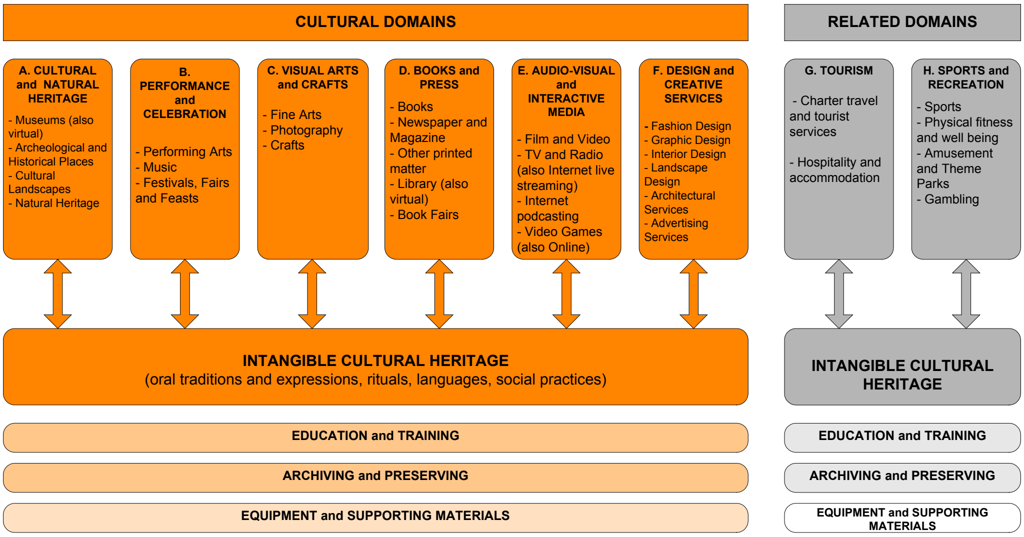
4. Cultural goods: definition and international trade

Cultural goods are very unique and therefore trade of cultural goods can be differentiated from the traditional trade of manufactured products as it also implies the characteristics of the culture of the producing country (Maystre, Olivier, Thoenig, Verdier; 2008). As mentioned before, defining culture has been quite challenging for many scholars because of its complexity. Something similar occurs when we try to define all those products related to culture. One of the first attempts in defining these intangible products described them as ‘nonmaterial goods directed at a public of consumers, for whom they generally serve an esthetic or expressive, rather than a clearly utilitarian function’ (Hirsh, 1972).

It has also been difficult to specify the extent of cultural products and so there has not been a unified consensus about its definition. Because of this, in 2005, UNESCO listed a number of ‘core cultural goods’ and of ‘related cultural goods’, as shown in figure 1. Unesco classifies those products produced by ‘cultural industries’ as ‘core cultural products’ while those products resulting from ‘creative industries’ are considered as ‘related cultural products’.

Due to globalization, international flows of cultural goods have been increasing over the years, fueled by the increased consumption of cultural expenditures. Because of the relevance gained by this sector, there has been an increase in the number of publications related to this topic, giving origin to concepts such as ‘cultural economics’, ‘cultural industries’, etc. Nevertheless there is still very few literature focused on trade of cultural products compared to the existent large quantity related to traditional manufactured products and services. One of the possible reasons for this unfairness might rely in the

Figure 1. Framework for cultural statistics domains



Source: UNESCO Framework for Cultural Statistics, 2009

difficulty in analyzing cultural industries with the existent traditional economics methods. This is largely because of the unique characteristics of cultural goods, which are so different from the mass produced goods.

Most trade of cultural products is said to be concentrated on a few countries (US, United Kingdom, China, Germany and France). In the case of the television industry in particular, producing and exporting countries also tend to concentrate in a few small number. This mainly responds to the 'economies of scale' explanation, by which these countries' large domestic markets help them decrease production and distribution costs of goods.

However, international trade of cultural goods is important not only to developed countries but also to developing ones because of the potentiality of the sector. Aware of this, recently many countries from developing regions have started to play an important role within this sector of the economy. As a result, marketplace dominance of American cultural products, known as the 'American cultural imperialism' is not applicable any more.

Past literature linking the concepts of *distance* to the *international trade of cultural goods,* arrived to the following conclusions:

- Sharing a common language or having past colonial ties positively impacts in the flows of cultural goods between two countries.

- In opposition, distance impacts negatively on trade when countries do not share any cultural similarity.

In the following section, we will introduce the case study, given by the global expansion of a cultural product from the Latin American region (Latin American soap operas) in order to determine whether all the above statements can be proved.

5. Case study: Latin American ‘telenovelas’

5.1. Background

In the majority of the countries from the developing regions the highest percentage of export share is represented by exports of commodities. In the case of Latin American countries, exports are strongly linked to the agricultural sector. Nevertheless in the last few decades a new product, developed in this region and not related to the commodity sector, has extended very quickly and successfully in the global markets: the so-called ‘telenovelas’ (Latin American soap operas). The attractiveness and uniqueness of this product relies in the cultural essence of its nature. It can be well defined as a cultural product, because it mainly reflects the lives and customs of Latin American people. Therefore, export strategies and market entry strategies, in particular, applied for these products, differ from other exports of different nature, such as manufactures or service related ones.

‘Telenovelas’ have expanded into the global markets and nowadays they can not only be seen in Hispanic America, Brazil, Spain, Portugal and in Hispanic communities in the United States, but also in countries from different continents. As a measurement of its great acceptance worldwide, their current audience is said to have reached the 2 billion viewers mark.

The success that they enjoyed in culturally similar markets came as no surprise but the most interesting part of this particular product is the popularity acquired in countries, which apparently do not share any common cultural background with the Latin American culture. *How these Latin American cultural products became so successful in such different markets? What were the main determinant factors that influenced their success?*

In the following sections, we will analyze the global expansion of Latin American soap operas, putting special attention on the main determinant factors that contributed to their success in the different foreign markets.

5.2. What is a 'telenovela'?

'Telenovelas' are limited-run television serial melodramas born within the Latin American region. The concept of 'telenovela' is a derivation from the union of two Spanish words: 'televisión' and 'novela' (which translates as novel in English). A 'telenovela' is a televised novel in the sense that their plotlines are very similar to that of literary novels, having a clear beginning, middle and end. Though their plotlines have been widening over the years, originally most of them were variations of the classical Cinderella story. In the recent years though, these plotlines have widened to include many other aspects such as political, social and even racial matters. As an example, Brazilian 'telenovelas' tend to introduce a lot of social issues, which comes as obvious given the huge social gap among the rich and the poor in the country. In the case of Colombian 'telenovelas', their plotlines include in many cases, issues related to drug trafficking, a problem still unsolved in the country. As it can be seen, each 'telenovela' producing country tends to reflect its own society and culture even though the central plotline stays almost untouched.

5.3 Main producing countries of 'telenovelas'

In the case of Latin America, media companies of the region have been developing over the years, not only in size but also in the quality of the products they offer. A high percentage of their revenues are represented by their most popular and at the same time most successful product, the 'telenovela'.

Though Cuba was the first producing country, during the 1960's and 1970's Mexico, Brazil, and Venezuela emerged as leading producers thanks to the establishments of production hubs in these countries. Nevertheless, popularity and quantity of Venezuelan 'telenovelas' has been decreasing over the years and nowadays there are two 'giants' that have become the leaders of the region, not only in size but also in the grade of success in extending their products into foreign markets. The great success of these two cases resides on the strength of their media industry. Both countries are supported by giant corporations, and their economic strength allowed them not only to produce high quality products but also to be more competitive in the global markets.

Mexican 'telenovelas' are probably the ones that have gained most popularity in foreign markets. Media corporation ‘Televisa’ which is the largest media Company among the Spanish speaking countries produces most of the ‘telenovelas’. Its rival, ‘TV Azteca’ also produces ‘telenovelas’ but ‘Televisa’ has been exporting the largest quantity of Mexican ‘telenovelas’ abroad, selling to more than one hundred destinations. Though ‘Televisa Corporation’ now offers a variety of programs, its main support for its non-stop growth has been the result of selling soap operas that became hits in different markets in the world. By the late 1990s the company claimed that ‘telenovelas’ were Mexico’s leading export product. Furthermore, during 2010, ‘Televisa’ also signed an alliance with ‘Univision’, one of the most important and largest Spanish language television network in the United States, ensuring the broadcast of many of their products in the US market.

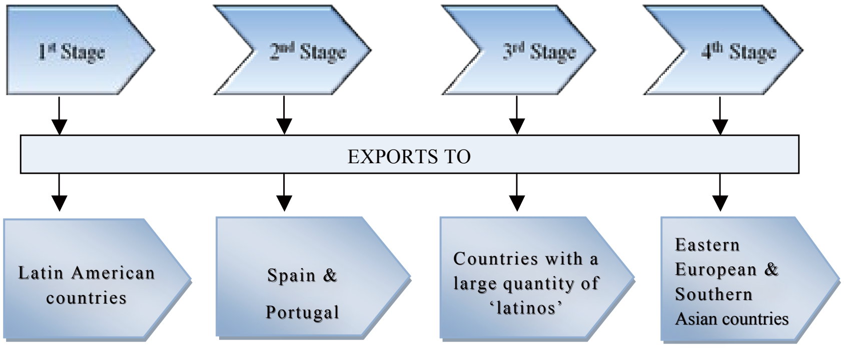
In the case of Brazilian ‘telenovelas’, ‘Globo Corporation’, the largest commercial television network within Latin America and the third largest in the world after United State’s CBS and NBC networks produces most of them. Brazilian ‘telenovelas’ are known for their high quality supported by Globo Corporation’s advanced and huge producing facilities equally to those of their American counterparts. Their best selling soaps operas are: ‘*Terra Nostra*’ (‘Our Land’ - exhibition rights sold in 84 countries), ‘*Escrava Isaura*’ (‘Slave Isaura’ - exhibition rights sold to 79 countries), ‘*Laços de Família*’ (‘Family Ties’ - sold to 66 countries), and ‘*Sinhá Moça*’ (‘Miss’ – sold to 62 countries).

5.4 ‘Telenovelas’ global expansion: the four-stage model of expansion

As mentioned before, Latin American soap operas have been developing since the 1960’s, and thanks to their success in the global markets they have become one of Latin American’s most successful export products. From their birth, ‘telenovelas’ enjoyed a lot of success in their own local markets. At a first glance, there was no need for Latin American media companies to make efforts to expand abroad, given the fact that ‘telenovelas’ domestic revenues could cover production costs plus offer economic benefits as well. Though many local producers were still uncertain about the risks and benefits of expanding abroad, there were some factors that motivated Latin American media companies in expanding abroad, especially from the 1980’s: the most obvious one was the possibility of perceiving multiple revenues from the same product. Moreover, many Latin American countries devaluated their currency during the 1980’s, and therefore revenues in foreign currency became suddenly attractive. Also by making their products known abroad, there was an increased possibility of alliance with other international media corporations.

The very first Latin American 'telenovelas' to be exported were from Mexico and Venezuela during the 1970's. During the 1980's, there was a larger quantity and more diversified number of countries exporting 'telenovelas' (from Brazil, Colombia, Argentina, Puerto Rico, etc). But independently of the country of origin, Latin American 'telenovelas' did follow the same pattern of expansion. Global expansion of 'telenovelas' consisted of four consecutive stages, where different targeted markets and different entry market determinants characterized each stage. Figure 2 shows the scheme of this four-stage model of expansion of 'telenovelas'.

Figure 2. The four-stage model of expansion



Source: made by author.

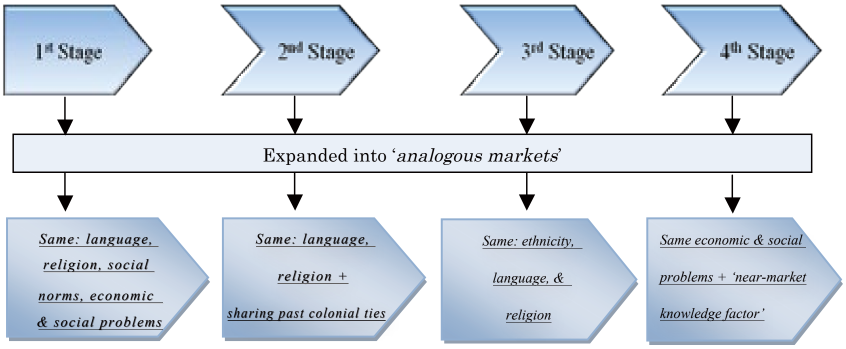
In the *first stage*, 'telenovelas' were produced locally and then exported to other countries of the Latin American region. The increasing popularity of these soap operas extended then to other Hispanic countries of other continents. While Spanish-spoken 'telenovelas' were exported to Spain, Portuguese-spoken 'telenovelas' (produced in Brazil) were sold to Portugal. This can be identified as the *second stage* of their global expansion. In the *third stage*, 'telenovelas' were exported to other non-Spanish and non-Portuguese-speaking countries such as the United States. The success of the 'telenovelas' in this case, could be found in the large quantity of Latin American immigrants residing in these places. The *fourth* and last *stage* of this global expansion consisted of exports of 'telenovelas' to geographical distant markets, which on the surface did not share any common cultural background with the Latin American culture such as Eastern European and Southern Asian countries.

Thanks to this *four-stage global expansion*, 'telenovelas' became popular in many parts of the world. *But what contributed to the effective expansion of 'telenovelas' around the world? And more specifically, what were the main determinants factors to the successful expansion of 'telenovelas' in each of the stages?* In the following section, an analysis of the main determinants factors of market entry will be conducted.

5.5 Main determinants factors of market entry

In all these four stages, 'telenovelas' expanded to what can be called 'analogous markets'. Nevertheless, this analogy differed according to each of the four stages. A summary of the different factors influencing each of the stages is explained by the following figure:

Figure 3. Main determinants factors for each of the four stages



Source: made by author

In the ***first stage***, after 'telenovelas' proved to be successful in their own domestic markets, they expanded to nearby countries, all from the same Latin American continent. Selling to other neighbouring countries was the first step of their global expansion and it was quite easy to enter these new markets because both exporter and importer share the same language while their values and social norms tend to be very similar. At the same time, most of Latin American countries suffered from the same kind of social and economic problems (poverty, social inequalities, unemployment, economic crisis, political instability, corruption, etc.). Therefore audiences could easily identify with the content of the 'telenovelas', which reflected all these realities.

All these factors mentioned above, explain why 'telenovelas' could success in the new markets at this first stage. The success of 'telenovelas' in the first stage, lead to the expansion into the ***second stage***. Once 'telenovelas' became popular within the region, they started to be sold to other countries of Europe. The interesting point is that 'telenovelas' were sold not to any European nation, but to those that used to share past colonial links with the Latin American region. Since most of Latin American countries were former colonies of the Spanish empire, Spanish-spoken 'telenovelas' were exported to Spain. This strong linkage between both cultures has also been strengthened by the high percentage of Spanish descendants in many countries of the Latin American region. Brazil, where the official language is Portuguese, was a former colony of Portugal and that's why they share the same language. In this case, Portuguese-spoken 'telenovelas' produced in Brazil were exported to the former Portuguese empire. In this stage, linguistic heritage became vital for supporting the success of 'telenovelas' in both European countries. In this second stage, 'telenovelas' could not only overcome geographic barriers and enter markets from another continent but they could also attract audiences in those countries where economic and social problems are not so similar to the ones of Latin American countries. This second stage reveals the importance of cultural factors, and especially the important role of language in entering markets that are not so economically similar.

In the **third stage** 'telenovelas' were exported to non-Spanish speaking countries such as the United States (especially America' border states). Though, there was no visible similarity in culture between both local and foreign markets, the large quantity of 'latinos' (Latin American immigrants) living in this country, contributed to the successful expansion of 'telenovelas' during this stage. Because this group of immigrants still conserves the customs and culture of their homeland, *cultural factors* were also determinants to market entry strategies in this third stage. 'Latinos' living in the United States are still much attached to their native culture and therefore given the choice they tend to prefer those programs from the Latin American region, and of course they prefer to consume Spanish-language programs. As an example of this preference for Latin American television programs, two channels were established in the United States, Univision and Telemundo, broadcasting Spanish-language programs (imported and locally produced) aiming to reach the huge amount of Latin American viewers in the country. This again, shows how important language is when talking about audience's preferences.

The **fourth** and last **stage** of this global expansion can be pointed out as being the most interesting one. In this stage, 'telenovelas' expanded to geographically distant regions, such as Eastern European countries (Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russia, Slovakia, etc.) and Southern Asian countries (Indonesia, Malaysia, Thailand, etc.). In all of the previous stages, cultural factors (and especially language) were determinant to market entry. At a first glance, targeted countries in this fourth stage did not seem to share any cultural similarity with their Latin American partners. So, how could the audiences of these countries be attracted to Latin American 'telenovelas'?

In this case, 'telenovelas' expanded into those developing countries that shared the same economic and social problems as in the first stage of the global expansion. As it happens in developing nations, most of the countries from Eastern Europe and Southern Asia, suffer from the same problems as their Latin American counterparts: social inequalities, corruption, economic crisis, security problems, poverty, etc. This was an important reason of the acceptance of 'telenovelas' as the audiences from the countries in this stage could easily identify with their plotlines.

There were also other circumstances that helped the successful entrance of 'telenovelas' to certain countries of this stage. For example, in the case of Russia, after the fall of communism by the end of the 1980's, television networks were in a rush to find TV programs that could replace former national and state-approved programming. 'Telenovelas' made a big entrance in this market, helped by their price competitiveness strategy. Many of these 'telenovelas' immediately started enjoying high levels of audience. Thanks to the proved success in this market and after gaining experience in selling to this geographically far distant market, 'telenovelas' started expanding to other former members of the Soviet Union (such as Belarus, Estonia, Azerbaijan, Latvia, Moldova, Ukraine, etc.). In this case, the '*near-market knowledge*'[2] (Mitra and Golder, 2002) can be applied as success of 'telenovelas' in Russia were the key to enter other similar markets (other former members of the Soviet Union with similar culture). Supporting this idea, we can also mention that, for cultural products, such as the 'telenovelas', the current propensity to consume is mainly determined by what consumers have experienced in the past, meaning that similarity of products to past ones, contributes to a more rapid extension in the foreign market.

As seen, in this last stage, all of the export destinations did not share the same culture, and they did not even share a common language with their Latin American trade partners. Because of this, dubbing or subtitling was necessary when importing 'telenovelas', as a way to overcome language barriers.

6. Discussion

In the beginning of the present paper we have cited the importance of the concept of distance within the international business studies. Then we proceeded to introduce *cultural distance* as being one of the dimensions of distance that became quite popular in the recent years among scholars. In order to see how cultural distance impacts on trade, we have analyzed the global expansion of a cultural product, taking 'telenovelas' from Latin America as case study object.

The case study results have shown that attributes such as language, social norms, religion, ethnicity, etc., all included within the concept of cultural distance, have indeed influenced in the global expansion of 'telenovelas' in the first three stages. Among these, language proved to have a big influence in contributing to gain audiences acceptance at export destinations. In all of these stages, there was a kind of '*language-driven internationalization*' process. In other words, the element of language can be considered as significantly influential, especially in the trade of those products with high linguistic contents such as TV programs. Nevertheless, the last and fourth stage of the global expansion showed that it was not the attributes related to the concept of cultural distance but the economic and social ones that proved to have a heavier impact in assuring the successful expansion of 'telenovelas' into these markets. Furthermore, though the element of language was quite significant in the other three stages, in this last stage, language barriers could be overcome through dubbing or subtitling.

To sum up, in the special case of the international trade of 'telenovelas', cultural distance is quite an important concept to take into account when selecting export destinations. Sharing a common language, social norms and customs, past colonial ties as well as the existence of a large quantity of immigrants at the export destinations facilitates trade of cultural products. Because as seen from the case study, similarity in culture between the home market and the targeted market, given by all of these cultural attributes were significant for market entry decisions in all of the first three stages. Nevertheless, cultural distance should not be taken as an absolute and excluding concept. There are other dimensions of distance (such as the economic, administrative, geographic stated by the CAGE model), which are also important for market entry decision process and which should also be taken into consideration when selecting foreign markets, as seen from the experience of telenovelas’s fourth stage of global expansion. In other words, for selling a cultural product like a ‘telenovela’, the key of success relies in their ability in making global audiences identify with their plotlines. For this purpose, not only cultural attributes are essential but also economic and social ones play an important role in assuring the success of these products in the different global markets.

Finally we should mention some limitations to the present study. Given the lack of statistical data in many Latin American countries, mainly because of the informality of the sector in some of them, it proved to be very difficult to collect accurate numerical data. In some countries there was official data though this was related to the audiovisual industry as a whole, including not only exports of TV programs but also films, music, etc. Therefore, further research is needed in order to back up the present study’s result and supply this lack of numerical data.

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NOTES

1 *Cultural universal* refers to those assets that every country without exception has and that are included within the concept of culture such as language, beliefs, social values, etc.

2 This concept of ‘*near-market knowledge*’ created by Mitra and Golder, states that firms tend to have an easier access to those markets that are similar to the ones where the firm is already operating.

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