Culture and Consumer Behavior

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Culture and Consumer Behavior

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Abstract

Understanding how culture influences consumer behaviors is crucial to success in international marketing. In this monograph, the authors present a conceptual and empirical framework for understanding how culture impacts consumer behaviors, and recommend seven analytical steps for understanding similarities and differences between cultures as well as within-culture variations in consumer behaviors. These analytical steps are: (1) identify the key components of culture; (2) find out and describe the major clusters of countries or regions based on their similarities and differences in consumption behaviors; (3) relate similarities and differences in consumption behaviors to key components of culture; (4) develop and test specific hypotheses regarding the joint effects of different components of culture on consumption behaviors; (5) track the changes in consumption behavior within a country in response to social and economic development; (6) formulate and test specific hypotheses regarding the joint effects of different components of culture on changes
in consumer behaviors within a country; and (7) conduct experimen-
tal studies to understand when consumers will follow cultural norms
and when they will not. In the present monograph, we illustrate the
utility of the proposed conceptual and analytical approach by com-
bining business analytic and experimental methods to model tourist
consumption, although this approach can be applied to explain behav-
iors in other domains of consumption. The authors close by suggesting
several directions for future research on culture and behavior.
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The Importance of Cultural Literacy in Marketing

Cultural literacy is important to marketers. For example, shortly after Apple’s 3GS iPhone was introduced to the Japanese market, the product topped the bestselling list of smart phones in Japan in July 2009. Yet, five years earlier, Nokia’s dual mode (W-CDMA/GSM) phone failed miserably in Japan. Nokia’s failure is attributable to its lack of awareness that the Japanese handset users value mobile Internet (which is more available in iPhone) more than the low monthly talking time the dual mode phone affords (Proctor et al., 2011).

How may culture affect consumer behaviors? First, culture can bias preferences and decisions. A Chinese consumer may like a cup of coffee that sells at 28 yuan more than an identical cup of coffee from the same coffee shop that sells at 24 yuan, because 4 is an unlucky number and 8 is a lucky number in Chinese culture. There is consistent research evidence for this phenomenon, which seems to defy economic rationality. In the stock markets in Hong Kong, Shanghai and Shenzhen, the prices of A-shares traded are more than twice as likely to end with “8” than with 4, suggesting that the Chinese prefer stock prices that end with “8” to those that end with “4” (Brown et al., 2002; Brown and Mitchell, 2008; Rao et al., 2008). In one study (Block and Kramer, 2011).
Taiwanese consumers were presented with a package of 8 or a package of 10 tennis balls, and asked to offer a price for the package. The average price offered for the package of 8 tennis balls was higher than that offered for the package of 10 tennis balls. It is not a coincidence that the Beijing Olympics was scheduled to open at 8:08 pm on August 8, 2008.

The preference for the number 8 and the aversion to the number 4 are also reflected in the preferred messages in marketing communication among Chinese consumers. Consistent with the belief that 8 is a lucky number and 4 is an unlucky one, the number 8 is used much more frequently and the number 4 much less frequently than expected in Chinese consumer product advertisements (Simmons and Schindler 2003).

In the domain of product design, mixing elements of different cultures is a frequently used strategy to create innovative products. In 2006, Starbucks Coffee Singapore introduced a range of handcrafted snow-skin moon cakes — *Caramel Macchiato, Cranberry Hibiscus* and *Orange Citron* — to the market. In their news release, the company states that these new, innovative moon cakes will make a delicious complement to their customers’ favorite coffee, as well as great gift for friends and family in the Mid-Autumn Festival. Many Singaporean consume Starbucks coffee moon cakes when they celebrate the Mid-Autumn Festival (Chiu 2007).

However, when the consumers’ attention is drawn to the implications of a marketing practice for the purity and integrity of a sacred cultural tradition, consumers may react negatively to culture mixing (Chiu et al. 2009; Torelli and Alhuwalia 2012). For example, one study (Peng 2012) shows that although Chinese consumers react favorably to a book on how Western cuisines inspire improvements in Chinese cuisines, they respond negatively to one on how Western philosophies inspire revision of Confucianism. This is the case particularly among Chinese consumers who strongly support preservation of cultural traditions. These Chinese consumers react negatively to the mixing of Western philosophies with Confucianism because these consumers believe that Confucianism is an identity-defining philosophical tradition in Chinese culture and that its purity should be protected.
Cultural illiteracy in international marketing could evoke strong negative emotions toward global brands among local consumers. In 2008, tens of thousands of Chinese netizens demanded the removal of the Starbucks Coffee in China’s Imperial Palace Museum, because they found the presence of Starbucks as an icon of Western culture in the Museum (an icon of Chinese culture) offensive (Chiu and Cheng, 2007). In 2012, Starbucks once again faced tremendous pressure from the Chinese consumers to remove its store near Lingyin Temple, a sacred Buddhist temple in Hangzhou, China. A study by Peng (2012) shows that Chinese consumers’ negative reactions to the presence of Starbucks in Chinese heritage sites are particularly strong after Chinese consumers have been directed to think about something they hold to be sacred (vs. functional) in their daily life. Presumably, this manipulation draws the Chinese consumers’ attention to the sacredness of their cultural tradition.

In contrast, cultural literacy in marketing communication can cool down the angry reactions to the presence of foreign businesses in the sacred heritage sites of a local culture. In an experiment (see Chiu et al., 2011), when Chinese consumers were assigned to read a fictitious advertisement that McDonald’s would open a restaurant in the Great Wall (a Chinese heritage site), they were upset if the tagline in the advertisement was “Freedom, independence, American culture: All in McDonald’s” — a message that drew attention to McDonald’s as a symbol of American culture. In this condition, having a McDonald’s in the Great Wall was perceived to be an intrusion of American culture into Chinese culture. Importantly, the results of the experiment show that this perception of cultural conflict and its attendant negative reactions to McDonald’s can be avoided easily by replacing the culturally loaded tagline with a culture-neutral one: “Fast, convenient, delicious: All in McDonald’s”.

The importance of cultural literacy in marketing communication is further illustrated in an experiment carried out with Indian consumers. In this study, Li (2013) showed that inappropriate use of humor in a culturally loaded message by a foreign brand in international marketing could create the impression of disrespect and sarcasm. In this experiment, Indian consumers reacted negatively to an unknown
foreign brand of mineral water, when they saw an advertisement of it with a picture of the Ganges River (a sacred symbol of Indian culture) together with the tagline “Only from clean water,” implying that the water of Ganges River is not clean. In contrast, having a culturally respectful message in the same ad evoked positive responses from Indian consumers. When the tag line was changed to “Water of life,” Indian consumers evaluated the foreign brand favorably.

In short, cultural literacy is of critical importance to success in international marketing. The cultural dimension deserves serious consideration in the design of every element of the marketing mix.

Cultural literacy is important to marketing. However, how could marketers become culturally literate? In this monograph, we will illustrate how insights on the relationships between culture and consumption patterns can be gained by combining business analytic and experimental methods in cross-cultural marketing research.

Rich cross-cultural data are available in the public domain, which if carefully analyzed, can reveal important similarities and differences in consumption patterns between countries and regions, as well as persistent or shifting trends in consumption within a country or region over time. For example, rich cross-cultural data on consumption patterns are available from sources such as GMID Euromonitor and the World Bank. Three positive features of these data sets are noteworthy. First, they contain annual consumption data from many countries or regions over an extended period of time. These data allow marketers to compare consumption patterns across countries/regions and to track changes in consumption pattern within the same country/region. Second, the data are based on objective recordings of actual consumption activities instead of consumers’ subjective appraisal of their consumption activities. Third, because the data are available in the public domain, conclusions drawn based on the analysis of these data can be verified independently by different researchers.

Cross-cultural data are also available for understanding the cultural factors that predict variations in consumption pattern between countries and within a country. As will be discussed Section 2, a national culture consists of three major components: the country’s natural and social ecology; level of economic, social and technological development;
and value system. These three components of culture influence the characteristic pattern of consumption in a country. The United Nations, GMID Euromonitor, the World Bank, the CIA World Factbook, and other organizations collect data on the ecology and level of development of many countries or regions. Annual data on the socioeconomic indicators are also based on objective recordings and are available for an extended period of time. Data on value systems for a smaller number of countries or regions can be obtained from sources such as the World Value Survey. Unfortunately, longitudinal cross-cultural data on cultural values are generally not available. Most cross-cultural value data are survey data based on the respondents' self-reports. This is not a serious problem given the subjective nature of values.

A major challenge of consumer insight analysis is to examine the joint effects (as opposed to the independent effects) of the three components of culture on consumption. To meet this challenge, we need a theoretical and empirical framework, which will be introduced in Section 2. This framework is used to guide the analyses presented in Sections 3–5.

The analyses presented in this monograph assume that each country/region has its characteristic pattern of consumption, which is explicable by examining pertinent cultural factors. Our analytic strategy may hence give rise to the erroneous perception that all consumers in the same culture behave in the same way in all situations. Therefore, it is important to emphasize upfront that the characteristic pattern of consumption of a country or region is the expected pattern of behaviors of a representative consumer in the country or region. We recognize that there are substantial behavioral variations among consumers within the same country. In addition, the same consumer may behave in a culturally typical manner in some situations and act in a culturally atypical manner in other situations. Marketers who need to make global predictions about the average pattern of consumption in a certain country or region will find the macro-level analyses introduced in Section 3–5 useful. To make nuanced predictions regarding

\[1\] In the present context, a representative consumer in a certain country or region refers to someone whose consumption pattern resembles the statistical average in the country or region.
when consumers’ behaviors would conform to the culturally typical pattern in concrete consumption situations, marketers will need to combine macro- and micro-level analyses. It is beyond the scope of the present monograph to include a comprehensive review of the micro-level consumer behavior literature. Nonetheless, in the next section, we will acknowledge the presence of situational variations in consumer behaviors. In Section 6, we will use several examples to illustrate when consumers are inclined to behave culturally. In Section 7, we will close by suggesting several future directions in culture and consumption research.

\footnote{For a recent comprehensive review of this literature, see Chiu et al. (2013).}
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