

International Consumer Behavior in the 21st Century

A. Coskun Samli

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Impact on Marketing Strategy Development

 Springer

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This book is dedicated to international marketing practitioners who have a major role to play in enhancing international quality of life.

Preface

I started my earlier book with a quotation that must be reconsidered (Samli 1995). Nwachukwu and Dant (1990, p. 40) asserted that “consumers in many different societies and cultures in the world are similar in more ways than we presently suspect.” Now, I question this statement. Levitt (1983, p. 20) had gone one step further earlier in discussing the new commercial reality, which he described as “the explosive emergence of global markets for globally standardized products, world-scale markets of previously unimagined magnitudes.” Perhaps some 30 years later, today we are somewhat closer to Levitt’s position. However, at the same time, there are pockets of emerging traditional markets. In both cases the position that must be taken is that the similarities and differences in the world markets must be carefully analyzed. In almost all cases, an international company must know how different its target market is, how similar or different its products must be to those of the competition, and when and where the changes must be made available. This orientation is the crux of success in the twenty-first century international marketing. Excessive competition combined with dramatically varying consumers in some markets necessitates better understanding of target markets by international companies.

If I were to discuss what happened to world consumers during the past two decades, what I would articulate may sound like Alice in Wonderland, but it is actually a reality. In short, progress has been borderline phenomenal. Although some details are presented in the introduction of this book, it is important to look at the general picture. Certain key points of the general picture are pointed out here.

- The availability of goods and services has been spectacular. More and better products and services have become available in world markets.
- Information regarding products and services has become plentiful and much more informative than ever before.
- The ability to buy any product anywhere in the world has become a total possibility.
- Informed decision making has become predominant in the world markets. Such decision making presumably improves the quality of life of those who are

fortunate enough to enjoy these constantly accelerating positive conditions. In the meantime, a number of companies and countries have become very successful. All of these points and others are facilitating international marketing, which is more active today than ever before.

First and foremost, the conditions cited above are very forceful in necessitating and accelerating more and better international marketing, which is happening in a progressive manner. With increasing opportunities comes increasing responsibilities. In the twenty-first century, international marketing is at a crossroads. While international marketing is facing a tremendous emergence and the expansion of a global culture is demanding more and better products and services with greater variety, there is a constant enquiry as to marketing's capability to accomplish these requirements. International marketing is not only forced to develop better products and service mixes but is also providing better information about them and making sure that they can be delivered. Thus, the responsibilities and opportunities of international marketing in the twenty-first century are tremendous. This book deals with the details of these challenges and performance alternatives. At the outset, it must be posited that the modern international marketer will have to consider providing greater opportunities for enhancement of the quality of life of consumers and as a reward for this to make a profit rather than thinking purely of profit upfront. The world at the writing of this book is composed of haves and have-nots. Part of the responsibilities of modern international marketing is narrowing the gap between these two groups and raising the overall levels of existing quality of life standards throughout the world. Certainly we hope that this book may make a modest contribution in these directions.

Information Needs and Information Use

Samli in 1995 posited that international marketing is based on information generation and information use (Exhibit P.1). This position is even more prominent today. As indicated in Exhibit P.1, without having proper information about target markets and consumers in these markets, there cannot be sufficient progress in international marketing efforts. These processes, after almost two decades, are much more complex and involved. One of the most critical and most interesting factors here is the emergence of international social media. International companies, in addition to using traditional media, are also obligated to use social media, i.e., the Internet, YouTube, iPads, iPods, and the like. International companies simply have to use these social media to understand and communicate with their target markets. However, with international social media one additional dimension in this area has emerged, that is, people-to-people communication. Through social media, consumers are communicating with each other perhaps more than with mass media (Exhibit P.2). This new dimension may be more powerful than the conventional media and its outreach. The successful marketing practitioners of the twenty-

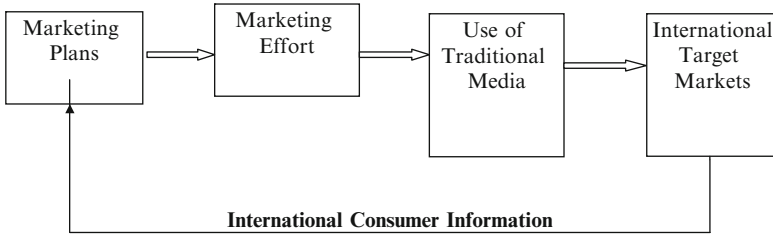


Exhibit P.1 The need for international information

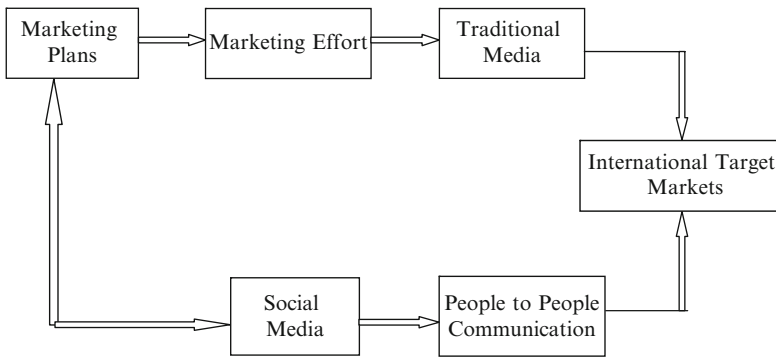


Exhibit P.2 The modern communication picture

first century will have to master the most effective use of social media, since this most powerful communication system develops its most effective networks and disseminates information people-to-people without being influenced by mass media.

The Communication Challenge

At the writing this book, the emergence and extensive widespread utilization of social media are both a tremendous challenge and also a great opportunity for international marketers. At the outset of this book, it is critical to explore the parameters of this new challenge, which did not even exist about two decades ago. The communication challenge that is facing the twenty-first century international marketer is depicted in Exhibit P.3. Based on the modern communication picture presented in Exhibits P.2 and P.3, some six critical points are raised. Any company dealing with international marketing which cannot cope with these challenges will not be able to survive in the twenty-first century. The six critical points for the successful international marketing practitioner are:

Exhibit P.3 The communication challenge

Ability to communicate with the target market
 Provide important information about the products and so on
 Make sure that the information imparted with is consistent with people-to-people information
 The information transmitted must be more important and attractive than those of competition
 Consumers' ability to acquire additional information
 A control mechanism to ensure that the system is functioning

- Above all, the ability to communicate with the target market is required. If the target market is northwest Turkey, it is necessary to make sure that this market is being connected with.
- If the first major requirement is satisfied, then the international marketer must disseminate important information.
- Since consumers are communicating among themselves through social media, the international marketers must make sure that they are not providing contradictory information about its products and services.
- Information disseminated must also be more important and attractive than what competitors are doing.
- At this point, it is necessary to make sure those consumers and prospective consumers have access to additional and reliable information.
- Finally, every international marketing professional must be able to evaluate if this whole challenging process is working.

This preface illustrates the tremendous challenge modern international marketers are facing. Many of these challenges are explored carefully and in detail throughout this book. It is certainly hoped that this book will shed light on the most complex conditions of international marketing.

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Acknowledgments

With great pride, I am finishing my 24th book. After teaching, doing research, and offering at times heavy consulting for 52 years, I believe marketing is to enhance consumer well-being, and exploring international consumer behavior is the essence of enhancing international consumer well-being. I am extremely hopeful that this book will make a major contribution in that direction.

Just as with my earlier books, many people played a direct or indirect role in developing this book. Perhaps, above all, I am indebted to my dean, Ajay Samant, for giving me enough encouragement to complete this project. As I stated in my recent books, my previous dean tried to stop me from writing scholarly research books such as this one.

I am grateful to three research assistants who spent much time on this project and who interacted with me quite often: John Wells, Diego Molina, and particularly Weston Probst, who were extremely helpful. Many colleagues also directly or indirectly interacted with me. Dr. Joe Sirgy of Virginia Tech always was there for discussion; he is a good friend and a great scholar. Professor Ed Mazze of the University of Rhode Island periodically responded to my sometimes rather strange questions. My local colleagues Dr. Adel El-Ansary, Dr. Ronald Adams, and Fred Pragasam were always available to interact, discuss, or listen. My daughter, Dr. Ayla Samli, with her young age but her extensive thinking and knowledge base, helped me to organize my thinking and my analytical orientation. Bill Watts also was extremely helpful in organizing my sentences throughout the book.

Susan Watts, my great help, deserves a medal for deciphering my hand writing and typing the whole book. As I said before, sometimes even I cannot read my own hand writing.

My editor Nick Philipson is so busy he may not even see these lines, but he is a great thinker with tremendous ideas and insight. I am truly grateful to him.

Finally, as was said earlier, my greatest critic, my wife Bea Goldsmith, argued every point and made me think, but she never failed feeding me with outstanding meals that were extremely supportive of my creative spirit.

To these people and thousands of my students who listened, argued, and at times disagreed with me. I am most grateful.

A. Coskun “Josh” Samli, May 28, 2012, Ponte Vedra, Florida

About This Book

As stated earlier, this book is based on my 52 years of academic experience. It develops the idea that international marketing would not add up to anything useful without understanding international consumer behavior.

Chapter 2 deals with establishing a competitive advantage in international markets.

Chapter 3 analyzes culture, its characteristics, and its impact on the consumer behavior.

Chapter 4 continues with the analysis, as it is maintained that culture determines individual values as it influences behavior

Chapter 5 examines different analyses of culture as it is historically categorized.

Chapter 6 presents a major model of international consumer behavior.

Chapter 7 introduces social class as a major modifier of consumer behavior.

Chapter 8 addresses social contagion of global consumers in different cultures.

Chapter 9 examines the diffusion of innovation as it relates to the

Chapter 10 covers some of the more recent concepts of country of origin, country of production, and country of assembly as they influence consumer behavior.

Chapter 11 addresses the most important topic of market segmentation as it relates to consumer behavior.

Chapter 12 connects involvement to consumer purchase decisions.

Chapter 13 explores a most critical area of how consumers learn in different cultures.

Chapter 14 analyzes how luxury products are to be marketed in different parts of the world.

Chapter 15 examines how international gift-giving activity is expanding throughout the world.

Chapter 16 finally, this chapter attempts to construct generic international marketing strategies and presents a brief future research agenda.

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Chapter 1

Introduction

A historically unprecedented economic force has arisen in the last quarter of the twentieth century and the first decade of the twenty-first century: globalization, which has been continually accelerating its spread and its impact. Globalization is, basically, integration of the countries and peoples of the world. It has been brought about by the significant reduction of costs of transportation and communication and the elimination or reduction of barriers to the flows of goods, services, capital, knowledge, technology and people across borders (Stiglitz 2002). Globalization has tremendously formed, modified and conditioned the modern global consumer. However, as such a powerful movement, globalization has also certain negative features. It is critical that we examine and compare the positive aspects of globalization with its negative features so we can benefit from its vast potential without being penalized or getting hurt (Kendo 2000).

In this chapter, an attempt is made to explore the major pluses and minuses of globalization to understand how its positive aspects can be extended to the well-being of all the world's consumers, not only to privileged ones. To accomplish this goal, we must analyze the impact of globalization on consumers.

The Impact of Globalization

On the positive side, globalization is almost unstoppable and has the power to create a huge net gain for modern civilization. This net gain can be in the form of creating worldwide linkages that could provide food to starving people or medication to the sick. Furthermore, it can generate communication networks to bind people together throughout the world (Tryon 2000). On the other end of the spectrum, globalization can be seen as a conspiracy by big companies against smaller countries or smaller firms. This conspiracy has been going in the direction of creating an unprecedented concentration of market power in the hands of a few firms and a few countries (McCormick 2000; Samli 2008; Isaak 2005). As a result, this force is creating a major dichotomy between the rich and the poor, in addition to creating the

challenge of widely varying market conditions (Douglas and Craig 2011). However, in reality and virtually world consumers today are very different than those of previous generations. Globalization in some circumstances is perceived as the integration of the world economy; in others, it is a long-term process of integrating the global dimensions of life into each nation's socio-economic systems (Suh and Kwon 2002). It increases sensitivity to other cultures (Schutte and Charlante 1998). World mindedness cultivated by globalization may encourage buying foreign products (Balabanis et al. 2001); however, it also may create negative feelings toward foreign-made products.

The Forces Behind Globalization

Globalization thus far has been primarily the activity of international giants. Global giants such as Sony, Toyota, GM and IBM, among many others have been spreading globalization and thriving on it. As global consumers demand or require more products and services, these global giants expand their market appeal and their outreach to the richest and most advanced markets of the world (Samli 2009). Their success and resultant enormous economic size as well as economic power are all dependent on the five flows that created and accelerated globalization. These flows are very powerful and are creating a homogenous global culture. They are displayed in Exhibit 1.1. A brief discussion of these flows is as follows:

Capital Flow: foreign direct investments (FDIs) have become rather popular and almost routine in different parts of the world. They are likely to bring prosperity and employment, to a limited extent, to regions and companies that are attached to these undertakings.

Information Flow: at no time in history has so much information flown faster and reached further. Consumers around the world have accessed tremendous amounts of information for all purposes. Much of this information has made consumers better shoppers: they get more information about many products and are able to compare, analyze and select the best alternative for their needs.

Technology Flow: technology flow in the globalization process has at least two major roles that help consumers all over the world. First, technology in the modern computer age has been transferred worldwide, which has made it possible to produce many products that were not produced before in many areas. Second, the flow of up-to-date technology invariably improves the quality of many consumer goods, as well as reduces their production costs.

Know-How Flow: this flow is related to people who are moving from one country to another with the intent of sharing their knowledge and skills. As a result, the increased availability of "know-how" in many companies is enhancing their ability to function more efficiently and effectively, and as a result they have better products or services for their customers around the world.

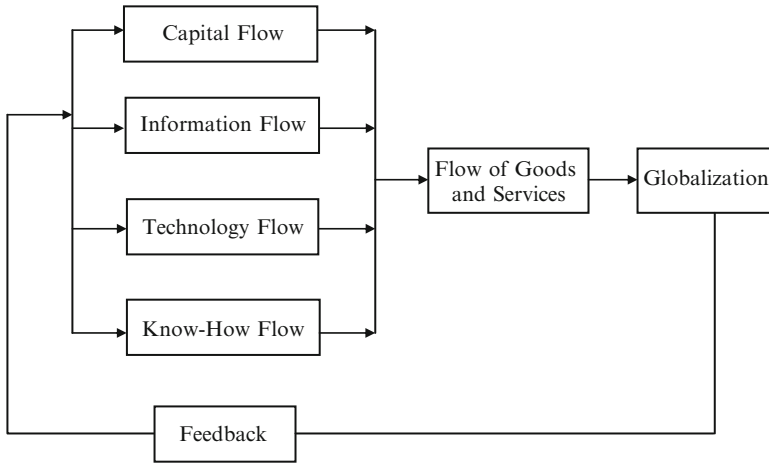


Exhibit 1.1 The flows of globalization (Source: Adapted and revised from Samli (2008))

These four flows have all created and accelerated globalization, which thrives finally on the fifth flow. This fifth flow is the essence of globalization’s effect on the status of the quality of life of global consumers. The fifth flow, as seen in Exhibit 1.1, is the flow of goods and services in the world. Unlike consumers three decades ago, today’s consumers have access to tremendous amounts of information, they have a tremendous number of alternatives they can choose from, and they have incomparably more access to products and services that they can buy.

Just What Are the Immediate Impacts?

Globalization, as it has emerged and accelerated, has at least five important impacts that have become a reality. These are presented in Exhibit 1.2. A brief description is as follows:

Increased Productivity: technology flow, particularly, has given different countries and companies the ability not only to learn the details of certain technologies, but also adapt and improve them. As a result, the productivity of many countries and companies has improved. The newly industrialized countries (NICs), such as the Asian Four Tigers, have become very rich. Simultaneously, many products that were not produced in the past have become available and made the prevailing quality of life in many countries better.

Improved Economic Well-Being: quite closely related to increased productivity, many people in different countries have experienced a major improvement in their quality of life because of improved economic conditions. They have more income and a greater choice of goods and services they can choose from.

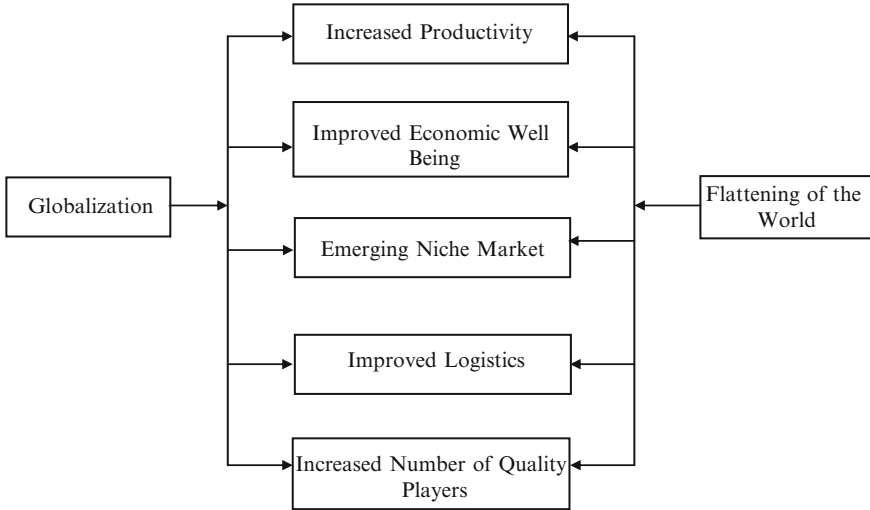


Exhibit 1.2 Some of the broader impacts

Emerging Niche Markets: as new products and services become available, in certain areas and for certain products and services, niche markets have emerged. These markets develop for certain products and services that never existed before and generate a strong desire to purchase them.

Improved Logistics: as globalization accelerated and demand for many products increased, distribution and delivery-related activities became essential. By definition, globalized logistics systems emerged and took care of distribution-related functions better than ever before. It must be reiterated that these impacts and others are continuing, even though not equally for all consumers everywhere in the world.

Increased number of quality players: Partly because of the broader impacts, but especially because of the “flattening” of the world, there are many more participants in the globalization flows and the enhancement of the quality of life in many places in the world. These quality players find it easier to enter the global flow of goods because, as Friedman (2005) described, the world is getting “flatter.” This means it is easier to enter supply chains, partially or totally. Although these flows create a somewhat global culture, multinational corporations (MNC) have been using a less-than-global strategy to reach out to different world markets where market conditions are radically different. The specific marketing strategies for variety of markets, however, are generating a major homogeneous global culture at a certain level (Douglas and Craig 2011). Many quality players of global flow of goods and services could not participate in these activities before the world became flatter. The flows of globalization and their broader impacts have caused significant changes in the behavior of the twenty-first century global consumer.

Exhibit 1.3 Changing consumer characteristics

| Characteristics | Implication |
|---|--|
| More aware | Know there are multiple alternatives |
| Well informed | Quite well informed about availability of products |
| Quality conscious | Know which are quality products |
| Recognizing global brands | Knowing global brands are prioritizing them |
| Informed about international currencies | Knowing that paying in one currency at that point might be cheap |
| Have access to products globally | Can buy products from many different sources |
| Have swift delivery | Consumers know that the product will be delivered quickly |

Changing Consumer Characteristics

Today’s global consumer is a very different creature than consumers about three decades ago. Today’s consumer has many features that simply did not exist in the first three quarters of the twentieth century. Some of the key changing consumer characteristics are presented in Exhibit 1.3. Seven specific consumer characteristics are specified in the exhibit:

More aware: there are many alternatives for modern consumers. They are more aware of the availability of many product and services that they may desire and purchase. Their level of awareness cannot possibly be compared with their predecessors. For consumers everywhere, improved global wireless communication technologies enhanced the awareness of products, services and quality-of-life details.

Well informed: related to awareness, almost by definition, modern consumers have much more information about products and brands and about the corporate entities and countries that produce them. The modern global consumer knows products like Coca-Cola, Nike, and Starbucks, along with hundreds of other products that are available in different parts of the world.

Quality conscious: if consumers are more aware and well informed, they become more quality-conscious. They typically understand the quality features of the products they are interested in, and they make comparisons. This process provides them with better choices and better satisfaction of their needs.

Recognizing global brands: as mentioned earlier, global brands in the post globalization era have ways to reach consumers in some of the remotest corners of the world. This is why they list the best known brands. The modern consumer has a strong prioritization process and knows which brand is more likely to satisfy their needs.

Informed about international currencies: perhaps one of the most interesting development in post-global marketing is that products are available in prices reported in different currencies. Thus, the international consumer can choose the product that is easier and cheaper to purchase in a certain currency. At any given time, the differences between currency values could mean obtaining certain savings, and many international consumers benefit from the discrepancies among international currency valuations.

Have access to products globally: perhaps the most remarkable opportunity for the post-globalization consumers is the fact that they can get any product produced anywhere, as long as that product is listed in global communication networks.

These products can be purchased from different sources and in different ways.

Have swift delivery: perhaps one of the most remarkable aspects of the globalization flows, mentioned earlier, is that global logistics system have been so advanced that consumers expect to receive the product they have ordered in a reasonable amount of time. If the consumer a generation ago were capable of ordering a product internationally, they had to wait unknown periods of time to receive them, if at all. Today, the modern consumer has a very good idea when the ordered product is likely to be delivered.

Thus, an emerging global culture is creating a multicultural identity which is rapidly spreading. This culture, initiated by the West, generated the concepts of free markets, consumerism and individualism. This global culture has a number of features. First, its increasing intensity and frequency reaches out to more people. Second, it can reach everywhere. However, third, its reach is notably more intense in urban areas of certain countries. Fourth, the values of global culture often go against traditional cultural values. Fifth, it may also create certain problems by creating a bigger gap between the rich and the poor (Arnett 2002; Samli 2008). Overall, these conditions are generating a global identity that provides a sense of belonging to a worldwide culture in terms of events, practices, styles and information, along with, and perhaps most of all, certain product and services (Phinney and Devich-Navarro 1997).

Along with global identity, local identities are also developed. These are likely to be formed by local circumstances, environments and traditions which are used in daily lives. This combination of global and local identities may be coined as “bicultural identity,” which may be at times a little confusing for individuals. Mostly, however, it creates a leaning toward globalization on the part of the people who are relatively well-off and more toward traditionalism on the part of the older populations with more limited means (Arnett 2002).

Improved conditions for the global consumer, by definition, mean improved quality of life. It is expected that the features listed in Exhibit 1.3 are likely to become even more effective as communication technologies are improved and global culture gains even greater recognition. This is encouraging firms to market their products on a global basis, with reduced adaptation of these products to local markets (Kotabe and Helson 2010). In fact, global giants such as Procter and Gamble and Unilever are emphasizing products with global potential (Schuiling and Kapferer 2004).

As Globalization Continues

Perhaps one of the most obvious outcomes of globalization is that there is continually increasing product selection for global consumers. However, this selection in industrialized countries is becoming extensive but homogenized. In less developed

Exhibit 1.4 Global versus local products

| | | Price | |
|----------|------|---|-----------------------------------|
| | | High | Low |
| Prestige | High | Global luxury brands Homogenization of global products | Low level Counterfeit products |
| | Low | Somewhat prestigious High level imitations | Traditional Local products |

countries, product selection has increased as products from other countries come in on top of the traditional low-cost and low-prestige national products (Behrens and Murata 2009).

In addition, two other categories are emerging. As very expensive, prestigious products became known but remain unaffordable by consumers of lesser economic means, imitations became available. They appear to be in two separate categories. We used the term “imitation” for the higher-class products and “counterfeit products” for the lower-class products (Exhibit 1.4). As globalization brought about globally known, recognized, and desired products, major efforts to imitate these and generate counterfeit products become a reality.

As indicated in Exhibit 1.4, relatively high-level and lower-level imitations emerged. Some of the third world countries became aware of the globally recognized and desired products, but they could not afford them. As a result, they resorted to cheaper imitations (Grossman and Shapiro 1988). In fact, the stronger the corporate image and product characteristics, the greater tendency on the part of consumer to buy fakes. They are quite low-level counterfeits sold at very low prices. In some cases, the durability and quality of originals and fakes are perceived quite similarly, here we distinguished them from cheaper counterfeits, and coined those “high-level imitations.” Although there are no official figures on imitations or counterfeit figures, they are likely to be very large. It appears that the more homogenized the global reputable products become, there are also more counterfeit products produced (Hieke 2010).

Today, global estimates for imitations and counterfeits exceed 600 billion (World Customs Organization 2004). As globalization becomes more powerful, demand for imitations and counterfeits is likely to increase. Consumers’ desire for counterfeit luxury brands hinges on their desire to become more global while they have limited means (Wilcox et al. 2009).

The Two Critical Patterns

As mentioned earlier, as globalization continues to create a global culture which is accompanied by a homogenization of certain products, products’ reputations and their price levels are in a process of emerging. In fact, this aspect of globalization has become so strong that a desire for becoming part of that movement has brought

Exhibit 1.5 The two emerging patterns

-
1. Globalization emergence of a global homogenous culture
 - High-quality expensive global luxury products
 - Homogenous culture for key necessities
 - Recognition of global brands
 - Becoming a part of global culture
 2. Emergence of pockets of original cultures caused by
 - Reinforcing cultural identity
 - Improving belongingness
 - Revitalizing traditional values
 - Emergence of culture of origin
 - Coping with the changing economic conditions
-

out imitation and counterfeit products. This homogeneous global culture is growing, and in certain circles is becoming stronger as the current wave of globalization continues. Exhibit 1.5 illustrates that this movement has created two particular layers. These layers deal with global products and local products. Global products are tailored for global markets and are marketed and distributed in many parts of the world. Local products, on the other hand, are tailored for local markets and are available only in the consumer's home country (Steenkamp and Jong 2010). These products are referred to as "parochial products" throughout this book. Thus, the interpenetration of local cultures and the cultural forces associated with globalization both heavily influence the modern consumer culture (Ritzer 2007).

It must be reiterated that, as opposed to the traditional dominant consumer culture, which was the culture of one's home country or some certain groups, in recent decades the globalization process has generated a new cultural force, the global consumer culture (Ritzer 2007). Here people believe in global citizenship and they desire to participate in the Global Village (Strizhakova et al. 2008). Two critically distinguished patterns are emerging as a result of these two powerful orientations.

The first pattern has two separate levels: first, more expensive luxury or near luxury products with major name recognition and reputation, and second, products addressing key necessities that are globalized by Wal-Mart, Nike, Carrefour, all types of fast food alternatives and the like (Exhibit 1.5). It is quite likely that this aspect of globalization will persist, and at both levels a homogenization process will continue. As seen in Exhibit 1.5, this situation is reinforced by global wars of certain brands and the anxiousness of young people to be identified with globalization.

As globalization continues, it appears to be that the traditional consumer cultures are also becoming more noticeable. These cultures are opting to buy, to use, and even to insist on traditional local products (Akhtar 2007). Exhibit 1.5 illustrates some of the deeper reasoning for the emerging second pattern. The author maintains that in many societies, as globalization is creating an overwhelming process of homogenization, many different groups are starting to have identity crises. They simply do not want to let their traditional values and ways disappear. As globalization continues, some of these groups do not quite identify with it; they feel that they

do not belong to the globalization process. Particularly if globalization has caused some trouble for them, such as loss of jobs or businesses, they start feeling that they are losing ground in general, and their former sense that they were a part of traditional culture is lost. Thus, they feel isolated and do not have the support systems they used to. They would like to see the revitalization of traditional values. This orientation is creating the emergence of original culture. The situation is also making it possible for some groups to cope with changing economic conditions.

Some parts of many societies, partly as a reaction to globalization, are becoming more and more tradition-oriented. As such, they are reviving traditional values and going more strongly for products and behaviors that existed before globalization.

The pockets of reviving traditional cultures are more concerned with their cultural heritage and commensurate behavior patterns reflected by consumption patterns and purchase processes. They are more culture-of-origin rather than country-of-origin oriented (Lim and O'Cross 2010). Finally, and perhaps more importantly, these pockets of original cultures are economically not well off. They may participate in the globalization process sometimes, but mostly cannot afford the products that are in the huge globalization homogeneity.

As stated earlier, the emergence and maintenance of original cultural pockets or niche markets makes the choice of product and service alternatives more plentiful for the global consumers, since they have access to global as well as traditional domestic products. Perhaps, however, there may be a few global brands that may be rejected for political reasons (Sandikci and Ekici 2009). But even then, people in these cultural pockets have more variety to choose from than globalization homogeneity (Suh and Smith 2008).

Problem Areas

Perhaps the biggest problem in the total impact of globalization is that it does not reach everyone (Samli 2008). Therefore, it benefits people around the world selectively. Even if it did reach out more extensively, it may be rejected, at least partially by emerging or existing cultural pockets that are loyal to traditional values and local products. In fact, globalization by reaching out selectively has been leaving many consumers behind. If the outreach of globalization can be expanded, clearly this will be a better world. But the relationship between global and local products still becomes a mystery. In other words, would a global culture prevail, expand, and absorb most people of the planet? What would be the balance between global versus traditional cultures?

The questions here relate to the conflict between globalization-homogeneity versus culture-of-origin. Would this situation become a critical conflict which would interfere with consumer well-being in the near future? Or would it be possible for the next generation of consumers to become bi-cultural by being multicultural globally as well as being attached to cultures of origin? Singh et al. (2009)

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Chapter 2

Developing a Competitive Advantage

In the Preface and Introduction, we presented the most challenging conditions for the twenty-first century international marketer and pointed out the post globalization consumers' behaviors or needs. The essential point here is that in the twenty-first century the international marketer must first understand the need for information about international markets and must be able to use this information skillfully in international marketing strategies. This chapter is based on the Preface and Introduction: it presents a general model that articulates how information should be used to establish and maintain a competitive advantage in international markets.

Similarities or Dissimilarities

As mentioned earlier, international market information is extremely critical, but it is not quite enough. Receiving good market information and using it effectively are two different things. It is necessary to understand the basic behavior patterns of consumers. These behavior patterns are quite different in the current world market as opposed to two decades ago. Some of these behavior patterns can be identified readily. But, when attempts are made to identify consumer behavior patterns, the general tendency is often to concentrate on the similarities and to combine markets based on certain generalities. One of the most important points that needs to be made in this book is that effective marketing must be based on understanding important differences among international markets. Based on these differences, successful marketing strategies emphasize critical areas to satisfy consumer needs in the most effective manner. Satisfying the needs of international consumers depends strongly on understanding their behavior patterns. Satisfaction of consumer needs as indicated by their behavior patterns would enable the international marketer to create an international competitive edge or competitive advantage.

The Evolution of Competitive Advantage

The doctrine preceding the doctrine of competitive advantage was comparative advantage and was established by David Ricardo (Samli 1995). In essence, the comparative advantage doctrine maintains that, because countries are endowed differently in terms of their natural resources, the temperament of their people, and their general economic activities, certain countries can produce certain goods and services more efficiently than many others, and hence they develop a comparative advantage (Samli 1995). If the products and services of those who have established comparative advantage were to be traded among nations, all parties that are participating in these trades benefit. This has been the foundation of international trade for centuries.

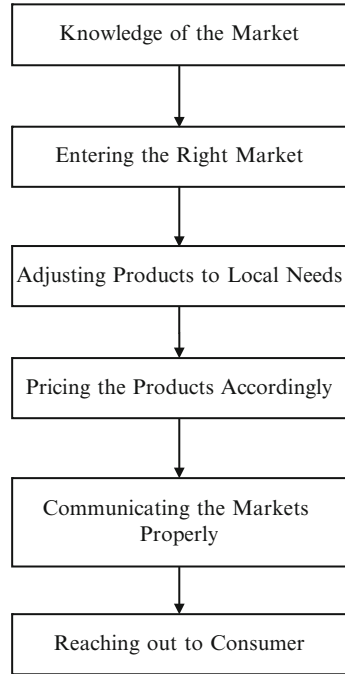
Around the 1990s, based on the Japanese practices Porter popularized, a newer doctrine which is named “competitive advantage” began to take hold. Porter’s position was that companies in the international arena are succeeding not on the basis of just cost, price, and productivity, but primarily on the basis of strategic superiority, which is based on powerful management decisions. Those international firms that have superior ability strategize their international activities based on not only efficiency but primarily on effectiveness. They are capable of providing exactly the types of products and services that are specifically needed, wanted, and desired in their carefully identified and targeted markets.

In Porter’s terminology, they not only exercise price leadership, proper differentiation, and focus, which is segmentation in marketing terminology, but they also employ strategic superiority (this author’s terminology). One remarkable industry illustrates this point. The Japanese auto industry can assemble a luxury car at just about one-fourth of the cost of assembly of the same car in Europe. The same industry can introduce new models into its production faster than anyone else. Finally, this industry sees to it that its cars have fewer defects than any other competitor. These statements were articulated as early as 1992 (Thurow 2002). Thus, the auto industry of Japan managed to provide the type of products which their target market desired. Some 20 years later, that industry is functioning as effectively as ever. This particular model has been used by Germany emphasizing its powerful engineering, by Italy promoting styling in apparel, and by France with its reputation in luxury products.

Japanese Competitive Advantage

What has been said about the Japanese auto industry can be generalized to indicate the essence of competitive advantage. Exhibit 2.1 illustrates how Japan developed and maintained competitive advantage in many product areas or industries. As seen in the exhibit, the Japanese analyzed the markets carefully and selected their target markets. They entered these markets not from the top, appealing to the upper layers of

Exhibit 2.1 The Japanese superiority



the market, but rather they aimed at mid- to lower-levels of market and acted accordingly. Once they targeted their markets, their products were either adjusted carefully to local needs or they innovated products that would be very suitable to local needs. Once the market targets and the products were ready, the Japanese used very calculated, localized promotional efforts. Since the Japanese aimed at middle class to lower-middle classes in their target markets, they charged low affordable prices and penetrated into those markets. Furthermore, they communicated with these markets, indicating the quality of their products and their prices. Finally, the Japanese marketing practitioners worked very flexibly with local distribution systems. They made products and supporting services (if any) extremely accessible for the consumers. This was and is the typical Japanese orientation that generated competitive advantage. In many markets this total orientation created a Japanese superiority (Samli and Czinkota 2007).

Current Status of Competitive Advantage

There are numerous dramatic changes that provide greater opportunities as well as greater challenges to international marketing practitioners who would like to succeed and continue in that successful performance.

First and foremost, it must be understood that there are more companies competing in international markets than ever before. And, they are cognizant of the fact

that they may all be thinking of strategic superiority. Thus, competition is much keener than before.

Second, there are constantly emerging new niche markets with specific needs and desires. These needs and desires must be examined carefully and must be considered as almost the key for success in these markets. Once again, international marketers need market information.

Third, many countries and many companies are innovating new products and services. As discussed in the introduction, the postglobalization consumer is used to having a large variety of products and services to choose from. To establishing and maintaining a competitive advantage, modern companies that are involved in international markets must be involved in introducing new products and services. Of course, marketing these new products and services require an ever increasing need for international consumer market information. It is necessary to emphasize that much of this required information is likely to be used to identify international consumer behavior patterns (Nwachukwu and Dant 1990).

A General Model of International Consumer Behavior

Although behavior patterns vary from market to market, a general model would provide a point of modification and departure in each market analysis. Exhibit 2.2 is the foundation of this book. The concept of international consumer behavior is discussed in some detail in Chap. 6.

The model begins with identifying culture as the key modifier of behaviors. In order to form or modify behavior, culture communicates with people and instills values in people. Those values provide the fundamental attitudes that form or modify behaviors.

Culture communicates with consumers in a number of ways. Based on cultural and other types of communications, consumers perceive a sense of value. That is modified with the levels of innovativeness that is being conveyed. In regard to a product, products, or brands, an individual has a value perception. The perceived value is created by the country of origin in terms of design prestige and workmanship related to the object in question.

In a more realistic sense, an individual also develops a quality of perception which relates to extrinsic attributes of the product in question. These attributes are formed partially by knowledge of where the product was actually produced and the reputation of that place or company. If the product is assembled in a different place than where its parts were produced, then the reputation of that place becomes a factor that may add or delete quality pointers.

Quality perception and value perception, separately or jointly, are further modified by the individual's physical involvement with that product, which may still be further modified by advertising and purchasing conditions. All of these factors together may be coined as "learning and resultant attitude formation" for the

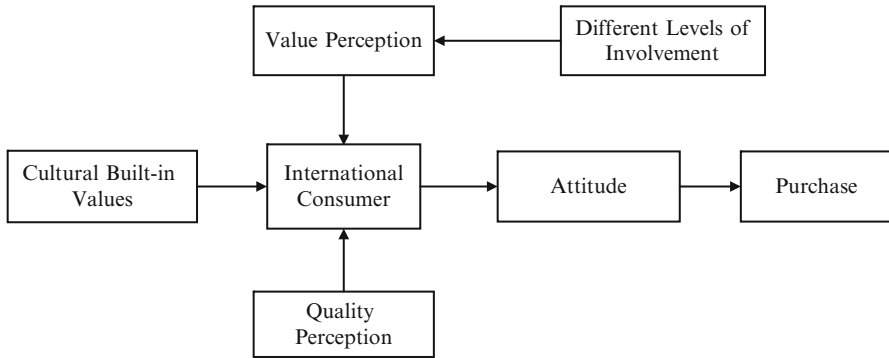


Exhibit 2.2 Elements of international consumer behavior

individual. All of these factors influence an attitude change, leading to the purchase of the product and perhaps product or brand loyalty.

This is a complex procedure, and it is very difficult to determine if any one of these influences is predominant or even which of these influences are more important than others. As was discussed in the Introduction, the modern consumer requires and receives a large amount of information. These bits of information may be received from conventional media or from social media. The model presented here, clearly, can be influenced by the firm if the types of information and their characteristics are specified. One more issue may be raised here: individuals are born into cultures. Cultural values are important and long-lasting, but the modern consumer may modify those values with the remarkable influence of constantly pouring information in order to develop a powerful international strategy. It is necessary to connect the consumer behavior model to the change in the culture.

A General Model of Achieving Strategic Superiority

All international attempts deal with achieving a strategic superiority, which basically means establishing a successful venture and the market power to compete with all comers. Naturally, the whole process begins with receiving substantial international market knowledge. As Exhibit 2.3 illustrates, once enough information is generated, the company will be in a position to segment the markets it is considering and then target one or a few segments. It is critical that the company enters the target market successfully.

Any target market most probably has multiple layers identified, signified, or constructed by economic conditions and consumer behaviors. Here it is critical that the company positions itself reasonably and successfully. Certainly, if Wal-Mart is in England, it is not going to compete with Harrods. Once the positioning is established, the firm must be able to differentiate itself from other competitors in such a way that its target market understands what it is accomplishing.

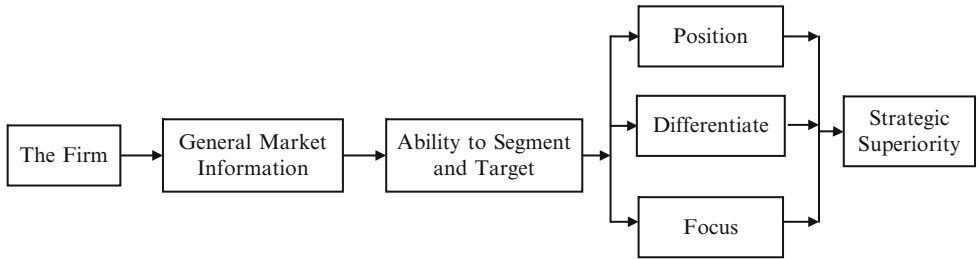


Exhibit 2.3 Achieving strategic superiority

Finally, it is extremely critical that the firm maintains its target, its position, and its differentiation by focusing on these issues and is not sidetracked or change every few months or so. This is why, say, Toyota has been so successful. It has a nice market superiority strategy and focuses on it.

Resurgence of Traditional Cultures

In the Introduction it is stated that, as globalization continues, two layers of cultures become more and more noticeable. While globalization is creating a global culture based on the homogeneity of products that are made available, pockets of traditional cultures are also emerging, and this situation is making large groups of people bicultural. The challenge for the international marketer is to determine just how far each culture will go and to ask whether there will be a balance between the two. Certainly, knowledge regarding these two questions would enable international marketers to develop a general orientation as part of the strategy.

Three Critical Points for International Marketers

1. Marketing the products and services they need rather than selling the products we have is a losing proposition.
2. The Japanese experience must be a critical model to follow.
3. Developing a competitive advantage is the essence of developing a successful international marketing activity which is based on understanding international consumers.

Summary

Successful international marketing is based on knowing consumer needs and catering to these needs carefully and successfully. This whole process calls for a powerful strategic plan of action that will create a competitive advantage. It is

mentioned that international trade has moved from comparative advantage to competitive advantage. A brief discussion of how the Japanese developed their competitive advantage is presented. Finally, in order to construct a super international marketing strategy a general theory of consumer behavior is presented. This theory can be, in fact *must* be, modified and adjusted in every market for a variety of products and services.

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Chapter 3

Culture and Its Powerful Impact

In this chapter an attempt is made to connect culture and consumer behavior. This connection will explain the role of culture in forming the significant differences in consumer behaviors that can be observed in different parts of the world. The association between the culture and consumer behavior is very strong. Therefore, if the international marketer can comprehend the far-reaching characteristics and impact of culture, there will be more profound marketing plans succeeding in the international arena. This is the key theme of this book. Thus, unlike the traditional views on behavior, this chapter proposes that culture is a very significant factor influencing consumer behavior. Lewin's behavior model is contrasted to Wallace's theory in order to understand the underlying assumptions of our discussion. Wallace's theory, still preferred by this author, plays a critical role in many parts of this book. Dealing with consumer behavior in a given country culture is often taken as a given and mostly ignored. However, here we see that when dealing with international consumer behavior, it is extremely important to understand just how culture influences individuals and their behavior.

Study of Cultures

Culture in a general sense is the link between individuals (Zaltman 1965; Samli 1995) living in the same society or sharing the same ethnic background. Culturally patterned behaviors are considered distinct from economic, political, legal, religious, linguistic, educational, technological and industrial influences (Soares et al. 2007). However, I believe the basic culture, at least partially, interacts with all of these influences. Cultures have been studied by cultural anthropologists and other social scientists. In general terms, culture is a set of values, ideas, artifacts and other meaningful symbols that help individuals to communicate, interpret, and evaluate as members of a society (Engel et al. 1990, p. 3). It is a totally learned and handed-down way of life, which gives each society its uniqueness and its own values (Boone and Kurtz 1992; Samli 1995).



Exhibit 3.1 Wallace's theory (Source: Developed from the basic ideas presented in Wallace (1964))

Although there are numerous studies of the impact and effects of culture, from my perspective only four major studies have explored culture parse during the past half-century. These studies have made great strides toward understanding international consumer behavior. Exhibit 3.1 provides the highlights of these four different attempts to explain the relationship between culture and consumer behavior. These four attempts are attributed to Riesman, Hall, Brislin, and Hofstede.

Riesman (1953), in his classic work, depicted three groups and hence three different types of behavior. The three groups are inner-directed, other-directed, and tradition-directed. The first group indicates the self-motivated individualistic people who are likely to behave as consumers on the basis of self-reliance and perhaps a self-conducted information search. The second group indicates some type of group behavior. Individuals are influenced by others. In their purchase behaviors they may be more influenced by others than anything else. Finally, the third group implies extra-strong ties to the past and traditions. Whatever the sources and reasons for these traditions, they dominate consumer purchase behavior. In such cases, habits, inertia, and inherited behavior patterns are more important than interpersonal relationships and other mass and social media effects. In Chap. 6 more discussion related to this topic is presented.

Hall's (1976) classification of cultures as high-context and low-context has been widely recognized and used (Samli and Hill 1998). Briefly, high-context implies heavy interpersonal communications orientation. People's handshakes are more important than legal documents. Low-context is just the opposite. Attorneys, written documents, and print media are all more important than handshakes. Consumer purchase behavior would follow the same line. While storekeepers or friends are more influential in high-context cultures, mass media would be more important in low-context cultures. There are many other aspects of this dichotomy, but what is presented here are the aspects that are critical for consumer behavior exploration.

Brislin's (1993) dichotomy of collectivism versus individualism reveals significant information about consumer behavior. Individuals who live in a collectivistic culture are more influenced by others. Their identity is more formed by the group to which they belong. They make decisions and behave under the influence of the group rather than self or mass media.

Finally, Hofstede (1983, 2001) has put together a very sophisticated approach to analyze cultures. While his collectivistic versus individualistic dichotomy overlaps with that of Brislin, his uncertainty avoidance, power distance, masculinity/femininity, and long-term orientation concepts have been providing much information and opportunity for cultural studies as they relate to consumer behavior (Soares et al. 2007). These concepts are discussed in greater detail in Chap. 6.

The key question that emerges is just how far-reaching or how over-encompassing is culture in a society vis-à-vis individual behavior? Although there have been many studies of cultures, comparing them and uncovering their uniqueness, there has not been a conclusive model of culture as it relates to consumer behavior. However, it is critical to connect these two phenomena (i.e., culture and consumer behavior) so that a better understanding of international consumer behavior can occur.

An understanding of consumer behavior necessitates an understanding of human behavior. Perhaps the most definitive work in this area was undertaken by Lewin (1938). This theory is based on the premise that behavior (B) is a function (f) of the interactions of personal influences (P) and the pressures exerted on these interactions by environmental forces (E). Simply, Lewin's formulation of behavior is:

$$B = f(P, E)$$

If one were to convert this equation into a formula which will more precisely depict consumer behavior, then the formula may be rewritten as:

$$B = f(I, P)$$

where B, which explains consumer behavior, is a function of the interaction of interpersonal determinants (I) such as various groups and culture, and personal determinants (P) such as attitudes, learning, and perception (Boone and Kurtz 1992). The implication here is that consumer behavior is composed of both the individual's psychological makeup and influences by others. As can be seen, direct interpretation of Lewin's work allows very little room for culture as a key determinant of consumer behavior.

Culture as a Key Determinant of Consumer Behavior

Although Lewin's approach may be quite acceptable by mainstream US thinking, it is quite off-base when it is applied to the study of international consumer behavior. Unlike the consumer behavior version of Lewin's equation, in international circles culture is considered to be a more critical, and indeed by some, an all-encompassing factor in the consumer behavior phenomenon. Adherents of this latter view maintain that an individual's psychological makeup, as well as others who influence the individual, is all conditioned by culture. Thus individual consumers, through interpersonal as well as personal determinants of behavior, receive a double dose of overall cultural influences. A key proponent of this orientation is Wallace (1964).

Wallace's Theory

Unlike Lewin and his followers, Wallace (1964) associates consumer behavior directly with culture. Exhibit 3.1 illustrates Wallace's theory. The basic tenet of Wallace's theory is that culture is the all-encompassing force which forms personality (MacGregor 1983). Personality is the key determinant of consumer behavior. Thus, culture is the critical factor which not only determines consumer behavior but also explains it. Understanding culture, according to Wallace, is therefore critical to understanding, explaining, and comparing consumer behavior in different countries.

How do behaviors in different cultures differ? By observing significant behavioral differences that exist between cultures, a culture's far-reaching impact on the individual becomes rather obvious. Chung (1991) attempted to distinguish the key features in European and Asian cultures by contrasting them in the forms of individuals' thinking, decision making, and behavior in these cultures. Exhibit 3.2 illustrates an attempt to distinguish the cultural characteristics by contrasting individuals along these lines. It is obvious that culture has a far-reaching impact which is reflected in individuals' overall functioning. In analyzing Exhibit 3.2, it becomes clear that the Asian way of thinking, unlike the European, is more related to networking; that is, it may not be as causal, and recognition of the thinking of these higher-ups implies the presence of a vertical hierarchy which affects overall thinking.

In the decision-making area, where the individual is the focal point in Europe, group solidarity is the key factor in Asian cultures. Thus, the individual's activity is delimited by the good of the group.

If we contrast behavior as depicted in Exhibit 3.2, we can see that Asian cultures advocate coping with situations per se, whereas Western cultures advocate being true to principles. While the Western approach is challenging, direct and confrontational, the Eastern approach is based on retaining harmony by being restrained and indirect.

Finally, contrasting purchase behavior, we see that Europeans are much more individualistic than their Asian counterparts.

If culture is in fact that critical, then it is necessary to understand this phenomenon before exploring consumer behavior per se. Culture's impact and characteristics need to be explored.

Direct and Indirect Influences of Culture

Culture influences individuals both directly and indirectly. Exhibit 3.3, 3.4 illustrates different ways that culture reaches people. The first alternative is direct communication. Culture is instilled in people through all the human interaction they have throughout their lives. By the time individuals are 4 or 5 years old, they have already acquired many cultural traits through the adults and children around them.

Exhibit 3.2 Implications of culture as a key player in communications

| Feature | Meaning | Communication implications |
|---------------------|--|--|
| Territoriality | Find the same cultures in certain territories | Understand the culture as it relates to a region |
| Temporality | The emphasis on time differs from one culture to the next | Use time elements carefully in product design and in communication |
| Learning | Learning process is different in different societies | Use the type of learning used in that culture |
| Play | Active and passive play forms are very different in different cultures | Examine how being active or passive filters into other aspects of life |
| Association | The grouping processes among people are different | Determine the key groups and how they function |
| Interaction | Language and other communications vary | Understand the characteristics of language |
| Tolerable standards | Different cultures require different minimum standards | Establish these standards for each |
| Privacy | Privacy of people vary in different cultures | Learn the implications of the degree of privacy existing in that culture |
| Role of sexes | Sexes play different roles from one society to another | Understand the role sexes play |
| Use of resources | Utilization of resources and recycling varies significantly | Introduce products which use minimum amount of resources and recyclable |

Source: Adapted and revised from Samli (1995)

Exhibit 3.3 Comparison of European and Asian cultures

| European | Asian |
|------------------------------|-----------------------------------|
| Modes of thinking | |
| Causal, functional | Network, whole vision |
| Linear, basically horizontal | Nonlinear, relatively vertical |
| Decision making | |
| To suit controls | Based on trust |
| Individual, free | Group solidarity |
| To suit self needs | Reading consensus |
| Behavior | |
| True to principles | To suit a situation |
| Based on legal parameters | To suit a community |
| Dynamic facing conflict | Harmonious, conservative |
| Open, direct self-confident | Restrained by the groups dictates |
| Extrovert | Introvert |
| Purchase patterns | |
| Individualistic | Group influences |
| Opportunistic | Systematic |
| Horizontal | Vertical communication |

Source: Adapted and revised from Chung (1991) and Samli (2004)

Culture reaches out to consumers through mass media. Overtly or covertly, the mass media advocate, communicate, and instill values, attitudes, and behaviors. Various mass media such as print or broadcast have their own uniqueness and

influence individuals in different ways. The second alternative in Exhibit 3.3 reflects this situation.

The third alternative in Exhibit 3.3 introduces yet another component into the process of cultural impact. Various institutions, by impacting mass media or via mass media, influence consumers indirectly. Among these institutions are the state, church, family, and many others. Some of these are discussed in the following section.

Finally, institutions directly influence consumers. They certainly advocate and reinforce certain types of behavior. Religion, government, and education are particularly powerful in influencing consumers and steering them in certain specific directions.

As discussed in the Introduction of this book, there is a global culture in the making. This culture, to a substantial extent, is influenced or formed by newly emerging social media. Today's international consumers are exposed and influenced by a wide variety of social media. These social media are influencing the consumers as part of people-to-people networks, they are creating brand communities internationally, they are giving social signals vertically and horizontally, and they are creating an accelerated diffusion of products—a process which is discussed in Chaps. 8 and 9 of this book. In Exhibit 3.3, social media are identified as a major source of key influences on the international consumer behavior (Peres et al. 2010).

Cultural Reinforcement

Culture not only determines behavior patterns, but also provides stability to the society. However, culture also provides and reinforces certain power structures in a society. Fortunately or unfortunately, culture plays a major role in the prevailing power structure. It is the existing culture and its acceptance that prolong the British royal tradition. Similarly, the prevailing culture determines the role and power that are attributed to state governments in the United States. In Italy, culture through tradition determines the role and power the Vatican should be given. Thus, culture helps maintain a given power structure. This could provide continuity to society. However, it also could accelerate some of the major faults in that society, such as continued discrimination or widespread poverty among others.

As seen in Exhibit 3.3, in all societies there are a number of cultural reinforcers. Intentionally or unintentionally, by reinforcing the prevailing culture, the reinforcers maintain the prevailing power structure. These reinforcers are education, religion, family, and government.

Religion as a Cultural Reinforcer

The more orthodox the religion, the more conservative its stance on everything, and therefore the more it affirms the status quo. Orthodox Moslems, orthodox Jews, and orthodox Christians simply do not tolerate change. Although it is never articulated

as such, change for these groups means a challenge for their well-established power base. This is why orthodox Muslims in Iran or Iraq do not tolerate Westernization. Similarly, this is why born-again Christian churches criticize the public education system and advanced research. Additional education is almost an automatic threat to the established power of the church, since better educated people are less likely to accept religious teachings on the basis of faith. Asking questions in religious orthodoxy is basically denying it exists.

Education as a Culture Reinforcer

Much of the time education, particularly public education, enhances the socialization process among children. As a result, education reinforces culture and the resultant status quo. Only extreme cases of education such as advanced studies and research education may challenge the existing culture and the status quo; however, quite often these challenges are eliminated by budget cuts under the guise of fiscal responsibility.

If there is any challenge to the prevailing culture by the education system, religious indoctrination, by going overboard on traditionalism, tries to overcome this situation. In the United States, as this book is being written, there is a concerted effort to include creationism in the existing curricula. This is despite the overwhelming scientific evidence supporting evolution and no evidence (except faith) to support creationism. Again, this goes back to the existing power structure. Orthodox Protestant churches and televangelists in the United States would not want a change in the status quo since they are doing very well economically in a very lenient political system. In countries such as Iran, Iraq, and Israel, where state religion is specifically identified, there is almost no tolerance toward deviation from status quo. In Israel status quo is not quite reactionary, but in Iran and Iraq extreme orthodoxy is preventing these societies from reaching the twentieth century.

Family as a Culture Reinforcer

Regardless of whether it is nuclear or extended, family basically instills individuals' basic values, attitudes, and motives. In that sense, family plays an important role in reinforcing the prevailing culture and hence reinforcing the existing political, economic, and social power structures. Perhaps the emergence of an "underclass" in the United States and emerging alternatives to traditional families, such as single-parent families, may change this general role in society. Perhaps this is why in the 1992 US national election the Republican Party platform made a special point of including family values, which became a major point in the general election debates. It is quite understandable that the party in power (at the time the

Republican Party) is most likely to desire status quo and hence particularly emphasize its family-values platform, which would have maintained Republican domination.

In many traditional societies of the Middle East and Far East, family values are instilled in the individual at a very early stage in life. Overlapping with religious and social values, family values almost by definition reinforce the prevailing culture and attempt to maintain the power structure. In fact, in nondemocratic countries such as Iran and Iraq, the power structure almost never changes. Some military leader may arrange a coup to take over, but basically the social and economic hierarchies stay intact as culture is reinforced.

Government as a Culture Reinforcer

Perhaps the government in power would have the least amount of interest in losing power. It will collaborate with the other reinforcers, for example, education, religion, and family, to maintain its power and position. An attempt on the part of this government to convince people those things could be much worse; if they try to change, it could be very convincing. Under such circumstances the cultural status quo, by definition, brings about the political status quo which leads to the maintenance of the existing power structure or power status quo.

As can be seen with these four basic reinforcements, culture has a tendency not to change. Of course, in third world countries this can be a major barrier to change which is required for economic development.

Cultures Don't Change Easily

One of the reasons why the third world countries are called traditional societies is this total process of cultural reinforcement. Even though changes in education, technology, industrialization, or urbanization, among others, take place, these changes, unless they can become deeply rooted in the culture, will all be short-lived.

Just how could changes become deeply rooted so that the society will move forward? This is a very critical question. This author does not believe that there is an answer yet. The fact that the economic gap between the "haves" and "have-nots" is growing is a testimony to this statement. The third world countries have been stifled by the given power structures and traditions which can easily be traced to culture. This type of power structure reinforces status-quo and prevents major changes and/or progress.

In recent decades, one key experience can illustrate this whole puzzle. Between 1973 and 1978, Iran was the fastest growing and the most stable economy in the world. With the emergence of the Ayatollah and the fanatical right, the country not

only lost its economic gains and the progress it had made, but it literally regressed by 50–100 years. All the technology, scientific accomplishments, and newly gained knowledge went down the drain because these changes were not deeply rooted. They had never become part of the culture, or the prevailing cultural values were not sympathetic enough for these changes. The existing culture did not approve or embrace the technological and scientific accomplishments and resultant changes, and, in time, they were rejected.

On the other side of the coin, a culture which welcomed change and learning could easily have made the Iranian progress permanent. Cultures prevailing in Japan and to a certain extent in Israel may be considered rather supportive of progress and development. In these cultures, change may take place in an orderly fashion, and deep-rooted progress can be made slowly but systematically.

Culture as a Communicator

Culture is not only communicated to people, but also forms and modifies the communication among the people of a society. There are ten key features of culture which play a critical role in this forming or modifying process of prevailing communication activity in the society. These ten aspects of culture are territoriality, temporality, learning, play, association, interaction, minimum tolerable standards, the private space, the role of sexes, and use of resources. This chapter presents a discussion of these and identifies how each influences the communication process in a society. Since the communication process is formed or modified by these features of culture, it is necessary to understand them. The core of this chapter revolves around discussing these ten features. Subsequently, an overall analysis is presented as to how to use these features of culture as components of marketing communications at the international level.

The first aspect of culture that influences the prevailing communication process is territoriality.

Territoriality

All cultures have a territorial dimension. This territoriality of culture goes beyond the political boundaries. When one considers, for instance, the cuisine of northern Italy, one would find it to be more similar to French cuisine than to typical Italian cuisine. Turks in southern Turkey have lifestyles similar to those of Arabs.

The Transylvania region of Romania is inhabited by people who are of Hungarian origin. They have lifestyles, values, and communication patterns which are more Hungarian than Romanian. The North American culture is prevalent in the United States, Canada, and perhaps the northern part of Mexico. However, the southern part of Mexico is more South American than North American.

Almost all cultures are identified with certain territories throughout the world. These territories over the years are divided and subdivided under political pressures. Thus, the territoriality of culture goes beyond political borders. Various regions of different countries may share similar cultural characteristics.

Temporality

Time has a different meaning in different cultures. While the North American culture thrives on promptness and time-related efficiencies, Latin America has an overall *mañana* philosophy. The latter does not take time very seriously. It is a known fact that in most Latin American countries if you make a 10:00 a.m. appointment, it may mean anytime between 10:00 a.m. and 12:00 noon.

The relative value of time prevailing in cultures gives an indication as to the lifestyles, the ways business is conducted, and even the rates of economic growth.

If time is not considered important, as in the Middle Eastern countries or as in ex-communist countries and all of Latin America, among others, individuals pursue their daily chores or activities at a relatively slow pace which, in general, does not allow them to go beyond these chores or tasks and improve themselves. If individuals do not have free time, they cannot develop new skills or become better educated and more efficient. Their quality of life, as it is understood and accepted in modern times, is not likely to change or improve.

The way business is conducted is closely related to the prevailing time concept in the culture. The Japanese do not do business with people whom they do not know well. People in Mediterranean countries do not come to an agreement or resolve problems without lengthy negotiations. In ex-communist countries lower management does not make decisions until the higher-ups give instructions. This is a very time-consuming activity if it is inculcated into the business decision-making process.

If efficiency is measured by output per unit of time, which is used in this measurement process, then almost by definition those cultures that do not put much emphasis on time are not likely to register an increase in individual productivity. Thus, the cultures that de-emphasize the value of time may find themselves in a cycle of inadequate economic progress: if they do not put emphasis on time, they will not become productive, and if they are not productive, they are not putting enough emphasis on time.

Learning

Learning is essential to the survival and progress of all societies, regardless of culture. However, entrenched in the culture is the learning process, which varies from one culture to another. In some cultures, such as those prevailing in North

America, learning emphasizes doing. It is primarily based on individual experiences. Although what is learned through this process is solid, practical, and application-oriented, there is also a lot of inefficiency. Such an orientation undermines what has been learned by others. Experiences are not passed on to others through description and, hence, individuals do not learn them because they have not had the experiences themselves. In other cultures “learning by description” is very prevalent. Even though individuals have not had the experience themselves, and therefore the experience may be a little less effective in practical applications, they are likely to have more knowledge, enabling them to take advantage of more and better alternatives. Thus learning can be strictly based on “sense data,” meaning an individual’s personal experiences, or “descriptive data,” based on other people’s experiences. Obviously, communicating with individuals, forming or modifying the prevailing communication process, is likely to be done differently in these different conditions. If the learning activity is based on sense data, then in marketing the emphasis is likely to be on personal experiences with the products and services. In retail merchandise selection, for instance, “attribute orientation” (Samli 1989; Monroe and Gultinan 1979) deals with individual reliance on one’s own “sense data” by looking at attributes of merchandise and stores, listening to the salesmen, and following others’ experiences.

On the other hand, if the learning activity is based on descriptive data, then individuals need to be reached by opinion leaders, other written descriptive information, and so on. In terms of retail merchandise selection, it is not the activity orientation, but “attribute orientation” that plays a greater role. Here the consumers receive descriptive data from others and pay more attention, whereby individual efforts in accumulating information and making comparisons are likely to be emphasized.

In one sense, learning by description may be close to cognitive learning, whereas learning by sense data is affective learning (Zaltman 1965). More discussion of this topic is presented in Chap. 4.

Play

Play or accepted leisure time activity varies from society to society and from culture to culture. Some cultures emphasize active participation in sports or games, and others emphasize passive participation. The more entertainment activity is related to TV, the greater the reliance on passive play. Being passive or active in play has direct and indirect implications for consumption behavior as well as for the communication process.

Those who are involved in passive play do not exhibit very active participation in voluntary organizations, in reading activity, and even in their work settings. However, those who are involved in active play also indicate similar activity or orientation toward other aspects of life. They are more involved in sports and

sports-related communication and consumption. They actively participate in voluntary organizations and in reading.

It has been speculated that those who are more involved in active play may be more innovative in adopting new products. They may be more prone to fix-it and do-it yourself types of behaviors.

Association

Human beings have the tendency to gather together with other human beings in both formal and informal groups. These groups have their own norms, communication patterns, roles, status or power structures, etc. All of these have direct and indirect impact on consumer behavior as well as the communication process prevailing in the culture as a whole. Association varies from culture to culture. While in some cultures the most basic association is the extended family, in others it is informal groups. Extended families are particularly prevalent in many third world countries. This is a situation where many families that are closely related live together in the same shelter. There are uncles, aunts, cousins, grandparents, and other relatives who are typically part of the extended family.

For many young teens and slightly older groups in major US cities, gangs and clubs are more important than any other forms of association. These latter types of associations instill individual members with certain values and behavior patterns which are powerful, often defiant of existing norms and values.

Association influences individuals' likes and dislikes, their thinking, and their values, and consequently their consumption patterns. Organizations to which individuals belong and with which they interact modify the communication process. They may even develop new communication activity.

Interaction

People interact through the use of language. Both spoken and written languages reflect cultures and the basic values they represent. While there is only one word representing snow in English, in the Eskimo language there are many words describing different snows. Since the Eskimos' well-being depends on their ability to cope with snow, this is quite understandable. In many African languages, there are no past or future tenses. Communication revolves around a series of verbs and action-related words.

If people do not interact, they cannot communicate. Without communication, there is no society. The manner in which people use language, therefore, is extremely critical. Misuse of words or misunderstood statements relating to products or firms can be quite detrimental. Understanding the use of written and spoken languages, consequently, is extremely critical.

One additional aspect of interaction is body language. Expression of thoughts or sentiments through body motion varies in different cultures. The quiet and subdued mannerisms of a British speaker can be contrasted with the loud, boisterous, and motion-filled speech mannerisms of an Italian speaker to illustrate this point. Body language (or lack thereof) is used to reinforce the communication process. Perhaps one of the most important points about body language is the lack of understanding of it. While, for instance, burping and the slurping of food are indications of appreciation in some cultures, in others they are repulsive behaviors.

Americans accept business cards and put them in their pockets without reading them. Japanese, on the other hand, have a unique way of presenting their business cards. They will not put the business cards of others into their pockets without reading them carefully. Showing the sole of one's shoe is a major insult in some cultures. In many Arab countries one eats with one's hand from a common platter. However, one cannot eat with the left hand because that is one's "toilet hand."

British businessmen wear dark suits to work. Blue blazers or other lighter color clothing are considered to be weekend wear or country wear. You still need a dark suit for dinner, along with one of the less ferocious ties (Sheehy 1993).

Minimum Tolerable Standards

The livelihood of an individual or social system is basically maintained by subsistence (Zaltman 1965). Subsistence defines the minimum tolerable standards. These include everything from individual nutritional requirements to the conditions of the national economic system (Zaltman 1965). Culture decides that Filipino babies are fed with tortillas and coffee at the beginning of their lives. It is a known fact that a typical US baby consumes as much food and other materials as approximately 40 Indian babies.

Although to outsiders it may sound like an unnecessary luxury, Americans cannot function without cars, TVs, and refrigerators. Lifestyle necessitates these goods for survival and normal functioning in American society.

The Private Space

In all cultures there are certain territorial imperatives. In the United States, individuals are presumed to have a private bubble not to be burst open. This is related to maintaining a certain level of privacy. Such behavior has given birth to too many products in the United States. Mouthwashes and deodorants are so instilled in the culture that if the individual were to forget to use deodorant 1 day, that individual would feel practically naked. Both deodorants and mouthwash industries began to flourish during the late 1950s and early 1960s.

It is assumed in the United States that every child needs and deserves his or her privacy. Therefore there must be a separate bedroom for each child. Perhaps only in the United States does reprimanding a child by saying “go to your room” mean something. In many parts of the world, children upon hearing that order would get up and then sit down, because all are likely to sleep in the same room, which is also a dining room or a living room.

In many parts of the world public transportation facilities also are overcrowded and people are packed into them. In such conditions where space and therefore the individual’s privacy are important, many products have emerged to reinforce that feeling. Products such as mouthwashes, deodorants, and similar items are very large industries in the United States.

The Role of Sexes

Sex roles vary substantially among cultures. Some societies are inclined to be matriarchal, others patriarchal. The roles and power attributed to sexes vary. “A product used by men in one culture may be used only by women in other cultures” (Zaltman 1965, p. II).

While in some parts of the Middle East, it is a normal behavior pattern for men to be seen embracing each other or walking hand-in-hand; in the United States only women do this. Participating in professions also varies accordingly. In the United States only a small number of women choose to become engineers. Women, until the mid-1970s, were not extensively involved in business or medicine. Similarly, in grade schools and high schools, teaching is done almost exclusively by women. Participation in professions by women is quite different in different societies. In some societies, more than half of the medical doctors and scientists are women. A manufacturer of golfing equipment and accessories used female models in Australia. At the time Australians thought that golf was a male game. The end result was that the promotional efforts did not satisfy the goals that were established by the promotional campaign.

Use of Resources

Although man-made materials improve the quality of life of those who are using products made out of these materials, the use of these materials taxes the scarce resources of countries. Some societies have limited resources. Therefore, the use of these resources needs to be well thought out.

Again, in the United States, excessive consumption of resources is condoned. This is why it is estimated that one US baby consumes as much food and materials as 40 Indian babies.

Excessive use of scarce resources can make a country poorer, can be environmentally offensive, and can devastate generations yet to come by not leaving adequate resources for them. The use of resources varies from culture to culture. In some cultures, there is a strong tradition of using limited resources and recycling. In China, according to some estimates, around 50 % of used materials are recycled, whereas in the United States only about 15 % of used materials are recycled.

Product and promotional appeals based on the cultural predisposition toward recycling can be much stronger than when these factors are not taken into consideration.

Using These Features

Our discussion thus far identified certain features of culture that form and modify communications in a society. Unless these features of culture are identified and utilized effectively, marketers cannot make an impact in international markets. Exhibit 3.1 illustrates the features of culture, the meaning of each feature and its communication or marketing implication.

The implications shown in the exhibit are self-explanatory. However, the communications and marketing implications in forming and modifying the existing communication process in a particular culture must be reinforced. It is important that the international marketer adjusts the promotional and product development activities of the firm accordingly.

Summary

Culture has a significant impact on consumer behavior. This impact has been the subject of many studies. According to some, culture's impact on the individual is limited. Yet according to others, culture is all encompassing. The second approach is taken throughout this book. Four major approaches to studying culture's influence on consumer behavior are discussed.

In connecting culture to consumer behavior Wallace's theory is presented. A contrast between European and Asian consumer behavior is presented to understand the connection between culture and consumer behavior.

Culture influences consumer behavior directly as well as indirectly. In either case consumer behavior is strongly influenced. The influences do not change quickly. In fact, in some cases they never change.

As culture considers the link between individuals, directly or indirectly it forms and modifies communication. Ten specific features are identified as formers and modifiers of the communication process. In order to understand consumer behavior, it is necessary to understand the prevailing communication process in a society.

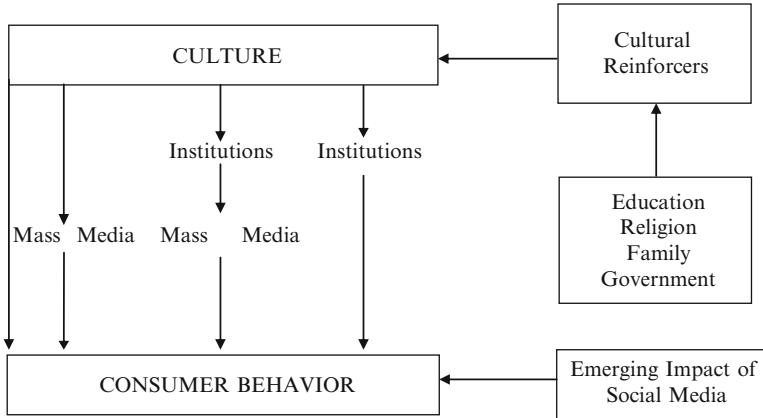


Exhibit 3.4 Direct and indirect influences of culture

This communication process must be analyzed by examining each of the ten features discussed in this chapter (Exhibit 3.2).

Three Critical Points for International Marketers

1. Culture is the essence of behavior patterns. Without a good understanding of it, there cannot be success.
2. Different cultures need different types of attention for marketing success.
3. Cultures changes in time; successful marketers must keep track of these changes.

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Chapter 4

Culture Driven Values

In this book, I take the position that the basic culture does determine personality. Personality, by definition, dictates certain preferences. Regardless of their nature, these preferences, in many different types, provide order and direction to individual lives. Because of their preferences, individuals prioritize their options of buying and using products and services. In doing so, they emphasize or de-emphasize their efforts and establish and pursue certain lifestyles. By definition, when “like” individuals practice certain “like” behavior patterns and lifestyles, cultures emerge and become rather all encompassing. As a result, various cultures show varying values, and connected to this, varying behavior patterns. These varying behavior patterns indicate and reinforce culture-related consumer behavior, which must be the starting point for international marketers.

Earlier in Chap. 3 it was proposed that consumer behavior is formed by culture and determines values and consumption patterns through interactions with different groups such as reference groups, peer groups, opinion leaders’ and faces-to-face groups (Boone and Kurtz (1992). They develop attitudes; they learn and form their own perception systems (Samli 1995). Certainly individuals in the culture form interpersonal and personal determinants of behavior, but two equally important and different concepts also enter into this behavior pattern: namely, cognitive and affective influences. These four concepts, viz. interpersonal and personal determinants combined with cognitive and affective influences combined, explain a major portion of consumer behavior in different cultures.

Exhibit 4.1 expands Wallace’s theory presented in Chap. 3. Culture provides four different and extremely important influences, which form a culture screen in the mind of the consumer, determining consumer behavior patterns. It must be noted that all consumers who share a culture have somewhat different personalities, therefore in many and rather minor ways consumers express their identity, which is strongly modified by the culture screen. Let us analyze the four cultural influences on the individual.

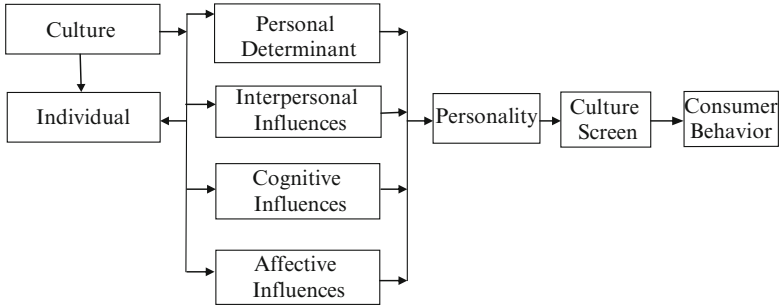


Exhibit 4.1 Culture and consumer behavior

Cognitive and Affective Influences

Expression of preferences, in general, indicates consumer behavior. Since this is an acceptable premise, it is critical to examine just how these preferences are acquired and how they are modified. Understanding this rather complex but very important process would enable international markets to construct and successfully implement marketing strategies.

Zajanic and Markus many years ago illustrated how preferences surface in different aspects of life by the following (1982, p. 123).

All collectivities—be they ethnic groups, tribes, or nations—have a favorite food, which often carries a symbolic and ceremonial significance. This food is an element of ethnic identity, and there are rigid standards about its proper taste and preparation. Any group member who dislikes it or rejects this ethnic food on grounds other than health is treated as a deviant whose ethnic loyalty should be questioned. Dog meat is a delicacy in some parts of East Asia, but few Americans would find it appetizing. The same can be said of snakes, birds' nests, chocolate-covered grasshoppers, fish eyes, veal pancreas, and rams' testicles. Most Americans like corn, but in various countries corn has been thought suitable only for pigs. Consider martinis, for example: the first martini we taste as children is an abominable experience and we wonder what on earth could prompt adults to ingest such a vile substance.

The above statement indicates that the puzzling interplay of cognitive and affective influences manifests itself in the form of preferences. In order to understand this interplay of cognitive and affective influences, it is necessary to examine the cognitive and affective influences first separately and then together (Laurette et al. 2003).

When both cognitive and affective influences work interactively, they form consumer values and attitudes toward products and services. These are basically the forerunners of consumer behavior at the basic individual level. Throughout this book, it is reiterated that cognitive influences or cognitive learning is related to an individuals' perception system. They are motivators for information-seeking, as is discussed later in this chapter, particularly in individualistic cultures. Cognitive learning may be described as individualistic ways of receiving and processing information for decision making. It is maintained here that cognitive learning and

the results of that style of learning are, relatively speaking, more important in the individualistic or industrialized societies of North America and Western and Northern Europe (Ozanne et al. 1992).

Affective influences and affective learning is very strongly related to the culture screen. Unlike cognitive influences, affective influences are learned from the existing culture. They are instilled into the individuals' thinking and value judgment through the existing culture. Many attitudes, preferences, and value judgments are results of affective influences. It is maintained in this book that individuals who live in more traditional or collectivistic societies are relatively more influenced by affective forces existing in these cultures. In fact, in these societies, cognitive learning is overshadowed by affective learning. Although in recent years cognitive versus affective influences are interpreted as utilitarian versus hedonistic (Yeung and Wyer 2004), I believe these concepts have broader meaning and a more meaningful impact.

Cognitive Influences

If consumers are trying to increase their purchase and consumption utilities, they are paying attention to cognitive influences which, among others, would communicate tangible attributes of the goods and services (Derbaix and Pham 1991). The information about the tangible attributes is preceded by cognitive modes of information processing. Cognitive modes of information processing refer to logical, rational, sequential thought processes and verbal modes of information processing. This depicts some degree of rationality on the part of consumers (Venkatraman and Price 1990). It may be argued that cognitive influences are not quite the perfect rationality advocated in early classical economics books (Omithing). Cognitive influences imply that individual consumers rely on their own reasoning and on information they personally receive. This is a very important point for international marketers who would like to penetrate certain target markets.

Information-seeking and reasoning behaviors naturally lead to the formation of attitudes. If, for instance, some reliable organization were to put out a favorable evaluation of, say, an iPod when it came out, consumers in the market would have become favorably disposed to it early on, which would accelerate its acceptance by the market (Zajanic and Markus 1982). One may claim that primarily in North America and Western and Northern Europe, the cognitive response view of the communication process is more commonly used. If the communication process is convincingly persuasive, it could generate cognitive responses leading to creation of positive attitudes in the market, which would follow with consumer demand and consumption of products and services (Hastak and Olson 1989).

In an earlier study exploring the nature of cognitive influences, it was maintained that because of differential attention and cognitive elaboration, cognitive responses are individualized and modified. Especially attention-getting information stimulates individual attention. The more attention-getting is the information, the greater the degree of differential attention it will receive (McGill and Anand 1989). The

persuasiveness of certain information generates additional information that is recruited from memory, which would accelerate the positive or negative properties of the particular information, which is all started with a message. Thus there are different levels of cognitive elaboration (Kisielius and Stenthall 1984). From a marketing perspective, the elaboration process is related to the product features and brand recognition (Hastak and Olson 1989). Cognitive scripts can be even further accelerated by a series of actions that are linked to certain behavior situations (Lakshimi-Ratan and Iyer 1988). The cognitive scripts thus generate cognitive influences.

This author believes the earlier theory that is connected to cognition and cognitive influences provides an important road map for studying international consumer behavior in particular markets. It must be recognized that cognitive influences, as they occur in different cultures, generate different levels of cognitive elaboration. The theory of cognitive influences must be studied as it applies to different markets differently.

Although most literature during the 1980s and 1990s maintained cognition as the primary factor in the formation and maintenance of product and/or brand loyalty with the spectacular advances by social media in the first decade of the twenty-first century, it is quite important to realize that brand and product loyalties are changing rapidly. Perhaps it is more critical to examine cognitive inputs by social media and determine if it is more or less effective than traditional mass media. One thing important to repeat is that on the basis of cognitive data accumulated, the individual prioritizes them. Prioritization based on cognition is basically assuming that there is no predisposition and no previous information. However, that assumption is not correct. In every culture, there is at least some predisposition and, certainly, previous information (Samli 1995).

Even if it is assumed that there is no predisposition and previous information, it is still erroneous to think that reasoning in various cultures takes place in exactly the same way and that information in different cultures creates the same way of reasoning. Cognitive inputs and their subsequent elaborations vary in different cultures; this variance becomes more pronounced when there is predisposition and previous information. This process leads to cognition-based prioritization. At the same time, it must be recognized that cognition-based reasoning and resultant prioritization are different in different cultures.

Affective Responses

Affective responses are reasonably explained by Derbaix and Pham (1991, p. 327) "Moods are a subcategory of feeling states." The term "feeling state" will be used to refer to an affective state that in general is pervasive. . . these states can be contrasted with feelings towards specific objects, e.g., "the affective component of brand attitude." Affective reactions can be characterized as moods or emotions and affect certain personality characteristics such as optimism or pessimism (Pieters and van Raji 1988). Earlier, a number of authors constructed different typologies that

explained affective reactions. They further discussed different dimensions of these typologies and, as such, explain affective reactions as the emotional state of the individual mind (Batra and Ray 1986). Of course, throughout the years, thinking referring to affective responses became such that they needed to be modified and perhaps even supplemented with cognitive responses. Thus the thinking is that cognitive and affective responses can be analyzed more effectively as they interact. Of course, it goes without saying that they also modify each other (Samli 1995).

It is necessary to reiterate that individuals' affective responses are very closely related to the culture within which individuals are raised and live. Thus, affective response can be directly related to culture. In some cultures, for instance, people are generally optimistic, and in others they are rather pessimistic. In addition to direct impact of culture, affective responses can be indirectly related to affective responses. In this sense, the affective responses are modified by cognitive responses or vice versa. In such cases, moods and emotions are "contagious" and transfer involuntarily (Batra and Ray 1986). If, therefore, certain moods and emotions are widely prevalent in a culture, then the same advertising messages or even social media messages will create totally different cognitive responses in different cultures. This is because of the mediating effects of affective responses or the existing state of mind in that culture.

Both cognitive and affective responses, as can be seen from the discussion above, are culture-driven. It is important to realize that if consumer behavior were to be analyzed internationally, it must be compared among different societies by studying the culture. Culture is the key factor to study in an effort to understand the important differences among people of different nations or different parts of the world (Anand et al. 1988; Samli 1995).

Since consumer behavior is a reflection of the existing culture and since this behavior expresses itself through cognitive and affective responses, it is necessary to know how these responses are perceived. These two sets of responses are perceived, evaluated, and perhaps revised by personal and interpersonal determinants of consumer behavior. This important area is discussed in the following section.

Interpersonal and Personal Determinants

Exhibit 4.2 illustrates how cognitive and affective influences are received. As individuals live in societies, they are constantly influenced by interpersonal and personal influences. They form different patterns of consumer behavior based on the cognitive and affective influences. Exhibit 4.2 illustrates that interpersonal relationships come from interactions with various groups and perhaps directly from specific opinion leaders. There are basically four groups that have major influence on individuals. These are face-to-face groups, individuals who are in contact regularly; reference groups, which are those groups with which individuals seek to be closely identified (Zaltman 1965); peer groups, which are composed of the people who are similar to individuals in question; and families, who are likely to have the most profound impact on individuals (Samli 1995).

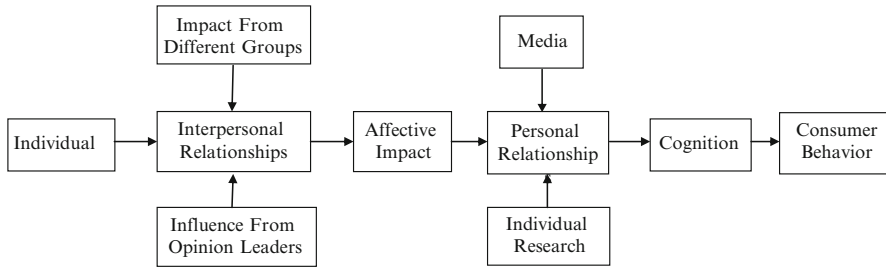


Exhibit 4.2 Interpersonal and personal determinants of behavior

One may maintain that these four groups have the greatest share of an individual's interpersonal relationships. However, these groups have relatively different impacts on individuals in different cultures. For instance, in some third world cultures, extended families, which are composed of a number of related families living under the same roof, are extremely important in influencing individuals and their consumption patterns. In more Western cultures, reference groups and face-to-face groups have a greater impact on individuals' value systems and behavior patterns.

It is critical to determine if the personal or interpersonal influences are important, since both of them co-exist in every society. It can be hypothesized that in high-context cultures or primarily third world countries, the messages carry less information, written documents and attorneys are less common among other features (Hall 1976), and interpersonal relationships are likely to carry more weight in consumer behaviors. From a marketing perspective, it may be more functional to rely on certain opinion leaders in these societies.

On the other end of the spectrum, in low-context cultures, where information is more readily available in written messages, written documents and attorneys are more important, and personal relationships are more critical (Exhibit 4.2), marketing would rely more on disseminating information to individuals so that they make their own decisions themselves.

As a general review, it can be stated that in societies where interpersonal relationships are more critical, cognitive and affective influences are likely to be modified by them. Similarly, if personal influences are more predominant, then cognitive and affective influences are likely to be modified by them. This does not mean in a society only personal or interpersonal influences exist—both exist simultaneously, but one or the other plays a more important role. In recent years with the emergence of social media, it is necessary to provide an additional dimension. In Exhibit 4.2, the category named media includes social media as well. In fact, it may be realized that social media in some societies may be creating more influence than traditional mass media. As cognitive and affective influences interact with personal and interpersonal influences, a culture screen forms. This screen creates certain preconceived values or preferences. It further determines, manipulates, and modifies behavior. A culture screen is more or less prevalent in different markets, but it is extremely important to realize that it exists and must be explored.

Culture Screen

Exhibit 4.3 presents a two-by-two matrix of the factors that our discussion thus far has referred to. At the outset, I believe that all countries have certain basic cultures that present a screen in evaluating or assessing event happenings, problems, and the like. This culture screen is being modified, if at all, very slowly. I grew up in a culture where people were suspicious of light-colored skin, light-colored eyes, and light-colored hair. Similarly, in other cultures, being reasonably overweight or having many multiple chins are indications of being well-off. Similarly, if snakes are considered dangerous in Sweden but represent wisdom in Korea, they are culture screens and are not likely to be changed overnight.

Exhibit 4.3 elaborates some details about culture screens. In the upper left quadrant, interpersonal relationships are more emphasized, but the society pays strong attention to cognitive influences. People, in general, are extroverted, but they also follow the group influences. Japan can be considered an example of such a culture.

When one considers the upper right quadrant, the emphasis is seen to be on the personal influences. People are more individualistic and dependent. In such cases they make their own decisions, hence they have to be more calculating. They rely on cognitive influences. Such a culture exists in the United States.

The lower left quadrant of Exhibit 4.3 indicates a degree of emotionalism which is generated by interpersonal relationships interacting with affective influences. This emotionalism can be emotional explosiveness at times. Italy may qualify for having a culture of this kind.

Finally, the lower right quadrant indicates some degree of introverted behavior which is created by personal relationships and affective influences combined. People are more emotional, relying on affective influences, and not very calculating. India is given as an example of such a culture.

It must be recognized that these four culture screen examples reflect more than one country each. Multiple groups of people are likely to be categorized in each case in Exhibit 4.3. Furthermore, it must be pointed out that Exhibit 4.3 illustrates tendencies rather than uniform and standard behavior patterns.

It is further maintained here that it is the culture in general that determines the nature of interpersonal and personal relationship in that society. The results basically are the characteristics and temperaments of individuals in that society.

Thus, culture determines, manipulates, and modifies consumer behavior. It is, for instance, determinant of how much bonding males may have in a society. Similarly it is the general culture that emphasizes individuality and self-dependence; individuals may be more extroverted in such a society than in other cultures.

One may go further and maintain that individuals' states of mind, temperaments, and basic thought patterns, along with their values are all, or at least to a substantial extent, imposed upon them by culture.

Marketing practitioners must understand the impact of culture on consumer behavior in their target markets so that they will not promote their, say, washer-dryers on

Exhibit 4.3 The concept of culture screen

| | Interpersonal | Personal |
|----------------------|----------------------------|-------------------------|
| Cognitive influences | Partial extroverts | Individualists |
| | Followers | Independent |
| | Group members | Calculation |
| | Japan | United States |
| Affective influences | Extroverts | Introverts |
| | Emotionally explosive | Not too emotional |
| | Strong cultural influences | Not-calculating |
| | Italy | Parts of central Africa |

Source: Adapted and revised from Samli (1995)

the basis that women will have more private time when such a consideration is not acceptable to the women in that culture. By analyzing culture carefully it is possible to predict the consumer behavior patterns.

Summary

This chapter maintained that consumer behavior is culture-induced. If only one culture or market is being studied, culture can be taken as a given. However, if multiple countries, regions, or localities are analyzed, culture becomes a focal point when consumer behavior patterns are explained and compared. In this sense, analyzing culture itself may explain and help predict different consumer behavior patterns.

Four sets of factors are presented in the chapter to explain consumer behavior in a culture: interpersonal and personal relationships, cognitive influences, and affective influences. These four factors interacting together create what this author coined “culture screens.” Consumer behaviors are influenced significantly by these screens not only because they may form the subsequent consumer behaviors, but they also could manipulate or modify consumer behaviors to maintain or modify traditional or changing norms in societies.

On the basis of these factors, four groups of international consumer behaviors are identified. These are cognitive-interpersonal, cognitive-personal, affective-interpersonal, and affective-personal. In general, culture forms behavior prompted by these combinations. These culture screens not only determine the basic features of consumer behavior but also manipulate and modify it. Thus there is always an emphasis on maintaining a traditional and accepted norm in a given society. Understanding culture, as can be seen, would make it possible to understand and perhaps predict consumer behavior. Knowledge, therefore, of different cultures should make it possible to understand significant differences in consumer behaviors among cultures. In this chapter, the four identified patterns provide a direction for analysis.

Three Critical Points for International Marketers

1. Different types of influences have different impacts in different cultures. It is necessary to find out which is which.
2. Affective influences may take longer and may require much harder work but could also reward handsomely.
3. Culture screen plays a very critical role in international marketing success if it is understood and handled carefully.

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Chapter 5

Different Classification and Analysis of Cultures

We discuss four key historic efforts to understand and elaborate about specifics of cultures and their implications on consumer behavior. These efforts are by Riesman, Hall, Hofstede, and Brislin. Although these four approaches to analyzing culture are different, as seen below, they do have certain commonalities. They are neither totally isolated nor are they out of touch.

Riesman's Classification

Riesman (1953) primarily analyzed U.S. society. However, his analyses have merit in almost all cultures. He built his theory on the changing American character that he observed. He categorized the American population into three groups: inner-directed, other-directed and tradition-directed. He maintained that the American people were mostly inner-directed and individualists, but over time they are moved to change their character by the example of their peers and contemporaries (Riesman 1953). While inner-directed people move on the basis of their own judgment and their own inner motivation, other-directedness, on the other hand, implies that people move on the basis of their interaction with their peers. Thus, people have become more extroverted. On the other end of the spectrum, tradition-directed people are bound by tradition. This may be considered an extreme emphasis on affective influences.

Riesman's theory and its applications relate to consumer behavior through five aspects of behavior. These are information, values, consumption patterns, purchase behavior, and openness to new ideas, products, and services.

Exhibit 5.1 presents a summary of these five aspects. As seen in the exhibit, consumer behavior is analyzed on the basis of these specific factors. A brief description is presented below.

Exhibit 5.1 Reisman’s analyses

| | Inner-directed cognitive | Other-directed cognitive | Tradition-directed cognitive |
|--|---|---|--|
| Information | Influence emphasis on available information | Influence from other people. Emphasis on interpersonal relationships | Influences are much less than affective influences, extended family influences |
| Values | Cognitive values are critical | Cognitive values received from others | Affective values dominate |
| Purchase patterns | Activity orientation in stores, seeking information cognitive influences | Attribute orientation in stores based on cognitive influences from others | Traditional behavior, special connection to storekeepers |
| Consumption behavior | Self-perceived needs determine consumption, special cognitive influences change these needs | Consumption needs influenced by others, cognitive influences from others | Consumption behavior based on traditional values. They are changed slowly by influences from family elders |
| Openness to new ideas, products and services | New ideas are perceived by cognitive influences. Open to new ideas. Individual logic prevails | New ideas are from cognitive influences from others. Ideas are accepted by others first | New ideas must penetrate affective influences. New ideas must be consistent with traditions |

Source: Adapted and revised from Samli (1995)

Information

On the basis of Riesman’s theory, information influences consumer behavior in many different ways. Information, by definition, helps to make better decisions. Obviously, the opposite—that is, not having information—can also be a critical factor in determining a society’s well-being. Since information is received in different ways in different cultures, it is necessary to determine how it is perceived in a given culture as the starting point of consumer behavior analysis. Exhibit 5.1 illustrates that inner-directed people are influenced by their own cognitive influences. Other-directed people are also influenced by cognitive influences, but through interpersonal relationship. Tradition-directed groups are more influenced by affective influences. These types of observations are critical guidelines for marketing practitioners.

Values

In any culture, behind the individual consumer behavior patterns are values instilled upon the individuals by the culture. Once again, Exhibit 5.1 illustrates that other-directed people receive and adopt values through cognitive influences.

Other-directed people receive and adopt values through cognition, but from interpersonal relationships. Finally, tradition-directed people have values obtained through affective influences.

Purchase Patterns

Purchase patterns are reflections of consumer behavior. These patterns vary from culture to culture. Unless the specifics of the purchase patterns are understood, marketing efforts cannot be successful.

Purchase patterns reveal how the individual approaches store selection. Two concepts are distinguished: activity orientation and attribute orientation (Samli 1989). Activity orientation deals with individuals seeking information and comparing alternatives, thus making decisions based on cognitive influences. These cognitive influences are the result of individuals' efforts. Attribute orientation is the opposite of activity orientation. It implies being influenced by the attributes of the store, e.g., the merchandise, displays, sales people, and the like. Hence, others play a critical role in highlighting the attributes and influence the individual accordingly. Lastly, in tradition-directed societies, interaction with storekeepers is critical. Such relationships may continue for a long time. Although such relationships provide some degree of stability, they also create some difficulties for change and perhaps for progress.

Consumption Behavior

Consumption behavior generates certain patterns. These patterns are substantially culture-laden. It is necessary to establish, compare, and analyze the consumption behaviors forming patterns in each society or each market. In inner-directed societies, consumption behaviors and resultant patterns are established by self-perceived needs based on specific cognitive influences. In other-directed societies consumption behavior and resultant patterns are established by needs which are based on some cognitive and some affective influences, which are primarily based on interpersonal influences. In other-directed societies consumption behavior and patterns are mainly established by others through traditions. Extended family elders reiterate traditional values that become affective influences.

Openness to New Ideas

Openness to new ideas or services varies from culture to culture, but in this case, we will look at this idea in the context of these three groups (Exhibit 5.1). Inner-directed societies or people are more prone to new ideas, new products, and new

services. This is somewhat of a deviation from Reisman, since he maintained that other-directedness is going to be more prevalent in a globalized market. I believe that with particularly increasing participation in social media, inner-directedness may be increasing around the world.

In tradition-directed cultures, new ideas are perceived primarily in terms of their consistency with affective influences representing existing cultural values. Thus, traditions dictate in these cultures more than in other cultures.

High-Context Versus Low-Context

This approach developed by Hall (1976) presents a critical dichotomy that is used to analyze cultures. His approach to cultures by grouping them into two categories, i.e., high-context and low-context, is utilized by international marketing practitioners. Exhibit 4.5 presents the characteristics of these two culture groups. As can be seen, there are vast differences between the two. In high-context cultures messages are not explicit; less information is received by both verbal and written communications. In these cultures, more information is communicated in the context of background, interpersonal relations and basic values. As Exhibit 5.2 illustrates, in these societies, for example, a handshake is more important than fully detailed documents and an attorney. Samli (1995) maintains that in a high-context culture a bank loan is based primarily on who you are rather than on detailed financial analyses, income statements, and balance sheets. Again, as seen in Exhibit 5.2, in high-context cultures, time and space are not very important, organizational authority is top-down, negotiations are lengthy and time-consuming, and competitive bidding is not that common (Keegan 1989).

As was presented in Exhibit 5.1, high-context and low-context cultures also can be analyzed on the basis of information, values, purchase patterns, consumption behavior and openness.

In high-context cultures information comes from other people. Information in these cultures is less factual and is modified by other externalities and values. Again, it is the opposite in the low-context cultures (Exhibit 5.3).

Values in high-context cultures are rather traditional. Affective influences are predominant. On the other hand, in low-context cultures, information is more detailed and is based primarily on cognitive influences.

Purchase patterns in high-context cultures are formed by strong relationships with store keepers. These relationships usually are long-lasting and clearly create attribute orientation, which means paying more attention to a store, salespeople and other contextual attributes. In low-context cultures cognitive influences are based instead on individual information interpreted through activity orientation.

Consumption behavior in high-context cultures is influenced by others through interpersonal relationships and opinion leaderships. In these cultures, affective influences are critical. Traditional values continue a long time. In low-context cultures, consumption behavior and consultant patterns are formed by the cognitive influences of mass media.

Exhibit 5.2 High-context versus low-context cultures

| Identifying features | High-context | Low-context |
|--------------------------|--|--|
| Attorneys | Not very important | Is not important |
| A handshake | Very important | Is not important |
| Organizational authority | Exclusively top-down administration | Critical impact from the lower levels |
| Space | People live in crowded quarters | Private space for people is critical |
| Time | Polychronic-relaxed, there is time for everything | Monochronic time, time is of the essence |
| Negotiations | Do not proceed until people are fully familiar; lengthy and time consuming | Proceed quickly without delay; no irrelevant discussions |
| Competitive bidding | Not very common | Very common |

Source: Adapted and revised from Samli (1995)

Exhibit 5.3 High-context low-context dichotomy as related to five factors

| Factor | High-context | Low-context |
|--|--|--|
| Information | Received from other people along with other values and externalities | Received from written documents, mass media and social media |
| Values | Affective influences along with interpersonal influences | Cognitive values are dominant |
| Purchase patterns | Strong relationships with store keepers, opinion leaders’ influence, attribute orientation | Cognitive influences based on information search efforts. Activity orientation |
| Consumption behavior | Influenced by others. Personal interactions are prevalent | Cognitive influences. Mass media and social media induced |
| Openness to new ideas, products and services | New ideas come from others who are opinion leaders | New ideas come from cognitive influences perceived from print media and social media |

Source: Adapted and revised from Samli (1995)

Openness to new ideas, new products, and new services in high-context cultures is more restricted by traditional affective values. Most affective influences come from opinion leaders. However, in low-context cultures cognitive influences are through mass media, written literature and, perhaps in the most recent years, through social media (Exhibit 6.6).

Hofstede’s Model

Hofstede (2001) used five different criteria to group cultures. These are individualism, collectivism, power distance, uncertainty avoidance, masculinity-femininity, and future orientation.

Individualism-Collectivism

The key issue in this particular categorization is whether individuals are independent entities making their own decisions and are responsible for their own actions. On the other side of the spectrum, collectivism implies that individuals receive their identity from the group. The group's approval is the key for success. While in the individualist category everyone looks after his or her own interest, in the collectivist category individuals follow instructions or strong guidelines. Here, the ties among individuals are very strong. Individuals in collectivistic societies are born into and live in extended families or other similar groups such as tribes or villages. People in these cases look after the interest of their group members. The opinions and beliefs of group leaders reflect on the behavior of group members. Many third-world countries, unlike North American, West European, and North European countries, are very collectivistic (Hofstede 2001).

Power Distance

Basically, power distance indicates that people are not equal in societies. This inequality in many societies reflects itself in terms of power and wealth. Although all societies have some degree of inequality, in some it is more prevalent than in others. By the same token, in some societies there is a conscious effort to play down these inequalities of power and wealth. These differences in inequality are measured by "power distance." In many collectivistic societies, power distances are more pronounced. In more individualistic cultures, the opposite is true. However, some individualistic societies also have large power distances. Among these are France, Belgium, Italy and, in recent years, the U.S.

Uncertainty Avoidance

In some cultures, people are conditioned to accept each day as it comes and not to get upset about uncertainties. They take risk rather easily. People in such societies may not work as hard to avoid risk; they tolerate different behavior and conditions. These are not considered strongly uncertainty-avoiding cultures. They are tolerant enough and do not try hard to avoid uncertainties. West Europeans and Scandinavian countries are in this category. But there are other societies on the other end where people are conditioned to avoid uncertainty. The people in these cultures may have a higher level of anxiety. They are more nervous, emotional, and aggressive when they sense uncertainties. These are strong uncertainty-avoiding cultures; examples include societies such as those in Portugal, Guatemala, and Italy (Samli 1995).

Masculinity-Femininity

The roles of males and females vary in societies. Throughout the ages, societies have assigned certain roles exclusively to men and others exclusively to women. Although somewhat arbitrary, these sex role divisions have been present in societies, varying in forms and proportions. While some societies require certain tasks to be performed by both men and women, others make a very sharp division between the roles assigned to men and women. The societies that maximized sex role division are considered masculine, and others that minimized the sex role division are considered feminine. Denmark, Sweden, and Ireland, for instance, are among the countries that are considered more feminine, whereas Japan, Germany, and Austria, among others, are considered masculine countries.

Long-Term Orientation

This particular aspect of Hofstede's model emphasizes the fact that some cultures are more future-oriented. They may even short-change themselves in the present so that they can benefit from future rewards. In certain ways this future orientation can stimulate innovativeness in the long run (Soares et al. 2007). Exhibit 5.4 presents a summary of Hofstede's general orientation.

Information

In collectivistic societies, information is shared by the groups. If, for instance, an advertising message is sent it will have to be aimed at the group leaders. In an individualistic society, on the other hand, information is sought and received by individual efforts. Again, in such situations, advertising must appeal and reach out to every individual in that group.

If in that country there are large power distances, searching and receiving information may enhance the power situation that exists. Similarly, information may lead in the direction of the elimination of inequalities. Clearly, advertising messages and total marketing activity can be geared toward one of these two extreme orientations.

Information may reduce the uncertainty-avoidance orientation in some countries. Marketing ideas, new products, and new services can be promoted in such a manner. By the same token, if uncertainty-avoidance is rather weak in a society, that society may be more prone to adopt new and more radical products or ideas.

If the sex role identification is strong, information dissemination may carry certain sexist attitudes. Information may be aimed to women by women, and to

Exhibit 5.4 Hofstede cultural dimensions applied to five factors

| Factor | Individualism | Power | Uncertainty | Gender | Future orientation |
|-----------------------|--|--|---|--|---|
| Information | In collectivistic cultures information is shared by the group. In individualistic society information is collected by the individual | Search for information and its use creates and enhances power | Generating information reduces uncertainty | If information dissemination is formatted for gender, differences can be effective | Gathering information to create a better future is important |
| Values | Values related to individual or the group are critical in each situation | Enhancing power versus disseminating power are to be used equally | For the societies where uncertainty avoidance is important, values are likely to be reinforced | Societies with more male or female learning must be considered as they articulate values | Future-related values are likely to be more important than current values |
| Purchase patterns | For individualistic societies internal motivation, for collectivistic societies external motivation | Inequals are treated as such, whereas equals are treated accordingly | Risk averse societies rely more on external assistance. Self-reliant cultures have weaker uncertainty avoidance | Sex roles are more prominent or reduced. Some products are sex-role-driven, others are asexual | Products that are longer lasting and gaining value in time are preferred |
| Consumption behavior | Consumption is influenced by personalized cognitive effects. Individualistic culture decisions are internal | Unequals consume as such. Equals also consume similarity | Consumption patterns are either geared to risk-avoidance or risk is ignored | Masculine societies on self-sought ideas. Feminine societies rely more on interactive influences | Societies with future-orientation are more open to futuristic ideas, products, and services |
| Openness to new ideas | In individualistic societies ideas are gained by individual search. In collectivistic cultures ideas come from the group | New ideas may create more power gaps but could also eliminate them | Risk-averse societies have strategies for risk reduction | Masculine societies on self-sought ideas. Feminine societies rely more on interactive influences | Societies with future-orientation are more open to futuristic ideas, products, and services |

Source: Adapted and revised from Samli (1995)

men by men, and in some cultures this may be very acceptable. The opposite is true for societies where sex role identification is weak. The critical point, of course, is to know the extent to which the sex roles are carried in a given society.

Values

Collectivistic cultures relate values to groups; in individualistic cultures, on the other hand, values that are likely to enhance an individual's well-being are more important than total group benefits.

If a society has large power distances, power might be further enhanced by those that already have more power. Although this may be encouraged by those who have already the power, it may not be in the best interest of that country. If the power distances are small, however, dissemination of power throughout that culture is likely to strengthen that culture as a whole (McCarty and Hottwick 1992).

Values in an uncertainty-avoiding culture are likely to be emphasized by risk evasion. Consumers by definition will prefer safety measures in all aspects of life. On the other hand, if uncertainty avoidance is not a critical issue, then the society may be more daring, which could be either very progressive or regressive depending on the circumstances.

If sex roles are not clearly defined in a culture, values tend toward elimination of the gender-gap, if any, and toward equalizing a society which would support faster and more effective progress. If, however, the sex roles are clearly defined and somewhat discriminatory, prevailing values will hinder progress, since those who are discriminated against cannot make their contributions to the advancement of the society.

In the future orientation, by definition, values are in the direction of future progress. This may mean some sacrifices in the short run to benefit the long run.

Consumption Behavior

In collectivistic societies, consumption behavior is strongly influenced by the group. Personalized cognitive influences that are generated by the group leaders influence consumption behaviors. In individualistic cultures, cognitive influences are generated within the individuals through their efforts to seek out these influences and act upon them on their own. By definition, in these cultures consumption decisions are more personalized and intrinsic.

If in a society power distances are great, by definition unequal's consumption behavior remains unequal even though there may be minor tendencies to imitate reference groups. Marketing efforts are likely to be toward one group or the other, but not to all groups simultaneously. If the power distances are small, it becomes

reasonable to make goods and services available to all. These efforts could make the power distances smaller.

If in the culture risk avoidance is not prevalent, consumers may be more willing to try new and perceived to be lesser safe products. But such consumption behavior can also create faster economic progress. If, on the other hand, risk avoidance is quite prevalent, then consumers are likely to prefer safer products and services. Certainly marketing practitioners must know the differences and act accordingly.

Purchase patterns in societies where there are clear-cut sex roles imply that males and females act rather differently. If the sex roles are not clear cut, there may be more tendency toward unisex appeals. Similarly, in product development and design these differences are taken into account.

Again, the consumption behavior in more future-oriented societies could be a tendency to buy more durable products or to hold off purchases, assuming better versions of the current products may enter the market. If the society is not future-oriented, the current consumption may block off future progress.

Purchase Patterns

Again, individualistic societies basically function on the basis of internal motivation, which leads to purchase patterns. As discussed earlier, activity orientation is most probably the critical force behind purchase patterns. This does not mean consumers do not receive cognitive-personal or cognitive-interpersonal messages, it means consumers make their own minds as to what they would like buy. In collectivistic societies, on the other hand, external motivation reinforcements by the group play a greater role in purchase decisions. Thus, it can be maintained that attribute orientation in purchase behavior is predominant.

If the society is experiencing great power distances, purchase patterns, by definition, would reflect those distances. Similarly, the power distance may even be enhanced as purchase patterns continue to reinforce the status quo. The opposite pattern can be observed in a society where power distances are rather small; continued purchase patterns may make them even smaller. Thus, while in societies with a great power distance, unequals are treated unequally, in cultures with a small power distance unequals are treated equally.

In cultures where uncertainty-avoidance prevails, individuals will focus on risk reduction or risk aversion. In such cultures, individuals seek out information regarding the risks involved in certain products or service usage. Purchase patterns, as a result, may rely on external assistance or advice, along with information dealing with risk aspects. In societies where risk avoidance is not very strong, purchase patterns may be in the direction of self-reliance. Individuals, instead of risk-related information, may examine how these products or services would enhance their quality-of-life.

In the case of sex roles being clearly identified, the purchase patterns will reflect these sex roles. Retail stores emphasizing services toward males or females will be

identified; advertising messages will aim at genders separately. Attribute-orientation on store behavior may be more prevalent.

If, on the other hand the sex role identification is not very pronounced, individuals buy products that are not marketed toward the sexes, nor are promotions targeted toward the sexes. Stores address this issue in a pronounced manner. Individual's purchases patterns may be based on more activity orientation.

In a more future-oriented society, consumers may be more influenced by products or services with more futuristic promises. The opposite would be true if the individual is thinking of mainly the present. The end result may not be a very bright future.

Openness to New Ideas

In individualistic societies openness to new ideas products or services comes from within. That means cognitive influences are interpreted by individuals. New ideas are gained by individual efforts. In collectivistic societies, on the other hand, ideas are generated and instilled in the individual by the group. If the group or opinion leaders in the group do not agree with an idea or reject a product or service, those ideas, products, and services will not be accepted by that culture. Interpersonal influence in these cases plays a key role.

In large power distance societies, most new ideas, products, and services are accepted by those who are in power. Such behavior may even further increase power distances. In small power distance cultures, new ideas, new products, and new services are likely to reduce power distances even further.

Avoidance of uncertainty may interfere with acceptance of new ideas, new products, and new services. Thus at the extreme level uncertainty-avoidance can be anti-progress. If the ideas, products or services are perceived to be high-risk they are likely to be rejected. Outside influences in accepting new ideas, products, or services may be quite significant. In less risk-avoiding societies, purchase behavior may be more based on an individual's own preferences. Less risk avoidance could make more progressive products and services readily acceptable.

Purchase patterns in societies where sex roles are clearly identified are likely to reflect these sex roles. In some ways, such purchase patterns are likely to make the situation even more sex-role related. In such societies, retail outlets may be identified as they cater more to males or females. Interpersonal influences may play a more critical role in purchase decisions, which creates attribute orientation. Similarly, if the sex roles do not play a critical role, then reliance on gender differences disappear.

For the futuristic cultures, affinity to openness may be based on how futuristic the idea, the product, or the service is. Such societies more readily accept new and more radical innovations.

Exhibit 5.5 Brislin's model

| Individualism | Collectivism |
|-------------------------------------|-----------------------------------|
| Individual solves problems | Group solves problems |
| Emotions are from within | Emotions are from without |
| Learning from one's own experiences | Learning from others' experiences |
| Elderly are less important | Elderly are important |
| Relationships are more short-term | Relationships are long-term |

Source: Adapted and revised from Samli (1995)

As the above discussion illustrates, Hofstede model is very useful for marketing practitioners. Although it has been criticized as having inter-correlation and having some built-in bias, this model has been widely used and is most popular.

Brislin's Approach

Brislin (1993) and his associates have emphasized one particular aspect of Hofstede's model, collectivism versus individualism. This author also has used this concept readily (Samli 1995). In a general sense, this particular approach incorporates all of the other aspects of Hofstede model.

Brislin's approach maintains that individualism involves emphasizing one's own goals with less emphasis on how these goals relate to those of others. This means individuals are not only responsible for their own behavior but are motivated from within. Individuals learn from personal experiences. Time and space are important for consumers. They like to have certain level of privacy and to be time-efficient. Furthermore, they do not engage in lengthy and time-consuming negotiations.

Collectivism stands for the opposite of individualism. Individuals gain self-importance from the group. They are more impressed with a handshake rather than a detailed and notarized document. Time and space are not quite important as they are in individualistic cultures. Exhibit 5.5 illustrates the most important points of Brislin model. As can be seen, the self-explanatory details of this model could be very useful for international marketing practitioners. In individualistic cultures the marketer deals with individuals and tries to provide good information so that individuals can make up their own minds. In collectivistic societies a marketer has to deal with the groups or opinion leaders in each group.

Summary

This chapter presents a general understanding of cultures. Understanding of cultures will give the international marketer an ability to predict the behavior of international consumers. While the chapter would benefit from more emphasis on the role of social media which is emerging as a very powerful means of

communication, the details of this communication are not as yet totally determined. The chapter helps in analyzing consumer behavior in different types of settings.

Three Critical Points for International Marketers

1. High-context versus low-context classification is very general but widely applicable.
2. The high-context versus low-context dichotomy provides critical pointers for international marketers.
3. It is necessary to understand Hofstede cultural dimensions. They provide modifications to high-context and low-context categorizations.

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Chapter 6

A Model of International Consumer Behavior

For marketers there is no way of overstating the importance of understanding consumer behavior. Consumers do not behave the same way in different world markets.

It must be understood that the key role of marketing and the reason it exists is that it solves consumer problems and enhances quality of life; otherwise marketing is not needed. Although there have been a tremendous number of consumer-behavior-related studies, there has not been a strong attempt to develop an international consumer behavior model. Such a model enhances the success possibility of international marketing efforts and makes it possible, by developing good international marketing strategies, to enhance quality of life in target markets.

Many years ago Boddewyn observed (1981, p. 73): “A perusal of marketing and consumer behavior texts reveals little integration of cross-cultural comparative findings. Even now the usual chapter on the behavior... does not go much beyond (1) recognizing the importance of this important market segmentation variable; and (2) recounting various marketing blunders abroad.”

These observations are still very relevant. In an earlier book (Samli 1995) I tried to construct a model of international consumer behavior. It was an attempt to measure it, quantify it, and compare it with other consumer behavior measures. Many efforts have been made to measure culture.

In my earlier book (Samli 1995) I argued that consumer behavior could be predicted using some type of scoring system by using relevant cultural variables. It is not very clear that such an orientation is very useful. I compared the Japanese, American, and Turkish cultures, but at the end of analysis it was apparent some numbers did not mean much. Instead, in this chapter I present a very general model that I put together. By analyzing it and connecting it to each market under consideration, the marketing practitioner could have the key points of the marketing strategy being developed for that market identified and used to best effect. In this chapter, a very broad outline of such a model is presented. In this chapter some serious details of proposed international consumer behavior are presented. Perhaps the most critical issue relating to such an orientation is identifying which of these details or different factors are influencing the consumer behavior more

readily. As discussed in this chapter, although this is a very critical issue in analyzing consumer behavior, because new factors influencing consumer behavior have been introduced during the half decade or so, their influences are not totally analyzed and measured. Hence, perhaps at this point the best we can do is to identify most of these factors and speculate about their influences on consumer behavior. It is critical for international marketers to connect the factors influencing markets to the consumer behavior and obviously to utilize these factors in their marketing efforts. If for instance it is known that European cars are preferred in Saudi Arabia but they are the least sold, it becomes obvious that European car makers must accelerate their marketing efforts in that market (Sohail and Sahin 2010).

The Model

Exhibit 6.1 presents the model on which this book is primarily based. Although a very general outline of this model is presented in Chap. 2, the full blown model is presented here.

The model begins with what has been discussed in Chaps. 4 and 5 dealing with cultural communications and culture screen. In other words, whether they recognize it or not, all consumers have a cultural bias .

During the two decades or so that the world got flatter (Friedman 2006), three concepts became very important. The first is Country of Origin (COO), which has been recognized and used longer than the other two concepts. Perhaps COO started as two South Korean companies, Emerson and Samsung, produced products for Japan. Similarly, many products originating in different countries were actually produced in Hong Kong. Thus, country of origin cues became very important, and many research projects concentrated on that topic. The other two concepts, country of production and country of assembly, are rather recent concepts. The emergence of both of these again is due to the flattening of the world which made it much easier to export or import raw materials, parts, components, and the like. As a product is conceptualized in one country and produced in another country, in addition to country of origin, country of production became a subject for analysis and evaluation. Nike produced products in Spain as opposed Taiwan, for example, and this became a consideration for consumers judging the product's quality. Some countries have had and still have a better reputation in producing certain products. Germany is well known for engineering precision, Japan for consistent quality, and Italy for fashion.. Country of assembly is the newest concept of the three; clearly the product can be multi-component and may be assembled in one particular country. Therefore the reputation of that country, perhaps regarding the quality of workmanship or quality of production that exist there, can become rather important. Since there are many products partly produced in different parts of the world and assembled in one country, the concept of country of assembly is gaining momentum and is being more frequently considered and addressed in the literature.

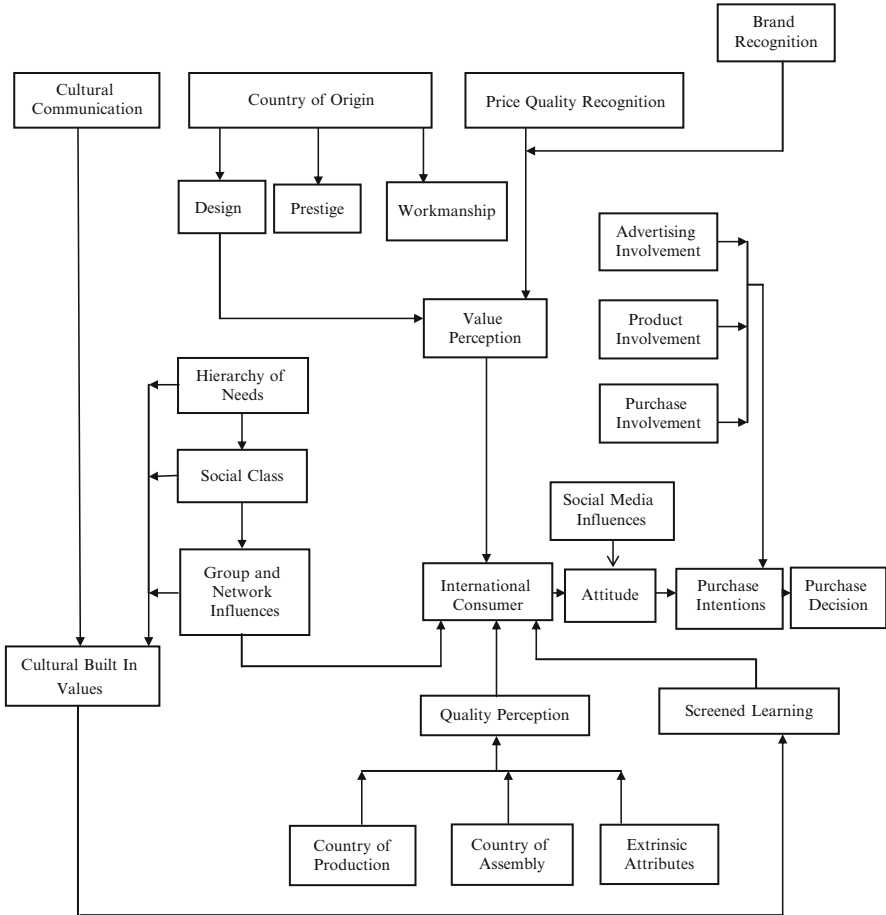


Exhibit 6.1 A general model of international consumer behavior

In terms of the model presented in Exhibit 6.1, COO belongs to a different set of considerations than Country of Production (CP) and Country of Assembly (CA).

Based on earlier discussions of this book, I believe COO is an affective influence, whereas CP and CA are cognitive influences.

In Exhibit 6.1, it is shown that COO influences perceptions of the design of products. If a high-tech product is originated in Germany and if consumers believe that technical products made in Germany possess high levels of engineering design, then the product’s country of origin cue, i.e., the fact that it is made in Germany, carries a major weight. Similarly, prestige, which is a long-term recognition advantage, contributes to the country of origin perception. Workmanship also plays the same type of role in the overall country of origin effect. Clearly there may be few other concepts contributing to the overall set of country of origin cues, but here the goal is reiterating the fact the COO has a major impact on the

consumer's value perception, which is primarily an affective influence that thrives on the individual's belief system.

Other Affective Influences

As seen in Exhibit 6.1, two other affective considerations are identified. The first is price quality recognition. I believe consumers typically do not look only at the price or quality, they look at both simultaneously. In many developing countries, for instance, durability as an indication of quality and price may be considered, while in some developed countries, on the other hand, the product's attractiveness or functionality may be the more important criterion for evaluating the quality and price together. As is discussed throughout this book, brand recognition is a very important affective influence on the overall value perception of the consumer. Two points must be very clear. First, as presented in Exhibit 6.1, the components of value perception do not play the same role or carry the same weight in value perception activity of the consumer in all cultures. They could be very different from one to another culture. Second, although they are discussed here as affective influences, it is not impossible for somebody to come in with a good product and promote it as such forcefully and succeed. This is cognitive influence interfering or overcoming affective influences.

Quality Perception

As was stated earlier, two major groups of perceptions motivate the international consumer to develop or modify an attitude, formulate purchase intentions, and finally to make a decision to purchase. Quality perception, as Zeithaml (1988) states, is the expressed superiority or excellence of the product. When consumers evaluate the quality of products, they will use extrinsic attributes related to products and intrinsic attributes, which include the salient features of the product, among others such as the reputation, recognition, and superiority (Olson 1977; Zeithaml 1988). Intrinsic attributes are cultivated by country of origin cues and brand recognition, whereas extrinsic attributes are related to product characteristics such as size, appearance or attractiveness, and price. These influences are cultivated by the country of production. As stated in Exhibit 6.1, these two groups of perceptions are value perception, which already has been discussed, and quality perception.

While affective influences mainly create the total value perception, cognitive influences, I believe, would create the total quality perception. As seen in Exhibit 6.1, quality perception comes through three different influences: country of production, country of assembly, and extrinsic attributes of the product in question.

As discussed briefly earlier, the concept of country of production created a movement away from COO, as products became increasingly designed and conceptualized in one country but produced in another. Here, the reputation of the country where the product is actually produced becomes a critical consideration. Similarly, a product may be composed of many parts, while the parts are produced in one or more countries, and all the parts finally assembled together in yet another country. Here the reputation of last country where the product is assembled becomes critical in purchase decisions. This is called the country of assembly. Finally, all products have extrinsic attributes in terms of appeal, in terms of functioning, in terms of shape size, and other features. These features are felt, seen, heard, smelled, etc. They are obviously very critical for the international consumer.

Value Perception Versus Quality Perception

As can be seen by the foregoing, the international consumer makes a decision based on value perception and quality perception. Here the critical question is: which is more important? And the second question is: just which comes first?

I am a firm believer in the importance of COO, which develops in time; through the reputation of the country, product and brand continue as affective influences. Thus, if Mercedes-Benz has taken a long time to be accepted as a very good product, the quality perception of, say, Tata's Nano cars will have to be quite outstanding and will have to be promoted extremely rigorously to overcome, if at all, the value perception of Mercedes-Benz. In other words, quality perception does not come first, and the product must be making a powerful impact to be preferred. Of course, the ideal situation would be if value perception and quality perception work together in the same direction. A new and outstanding product by Mercedes-Benz would perhaps accomplish this goal. In such a case, value perceptions and quality perceptions would work jointly and create a synergistic impact. Of course, the same situation could be in the opposite direction: a very questionable new product from a company that does not have a positive value perception in the market to begin with will create a situation that worsens geometrically.

Modifying Influences

Although cultural communications and culture screen (or culture built-in values) have been discussed, there is a very important section of Exhibit 6.1 that indicates three very important modifiers to these ideas. These modifiers change the cognitive and effective influences that formulate the original value for the product. It is critical to assess the relative importance of these modifiers and determine accordingly how to use them in marketing plans for successful international performance.

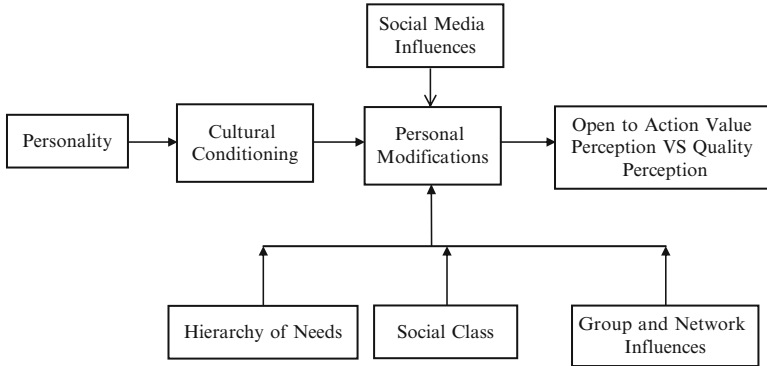


Exhibit 6.2 Influences modifying consumer behavior

This procedure is presented in Exhibit 6.2. As can be seen, although it may be partially (or fully) culture-generated, personality is further conditioned by cultural communication and culture screen. Here, the individual's cultural conditioning toward consumption patterns or likes or dislikes toward different products and brands is further modified by three additional and important factors. Of these, hierarchy of needs and social class considerations are discussed in Chap. 7 and group and network influences are discussed in Chap. 8. Suffice it to say here that individuals' need-hierarchies and individuals "social class connections" bring in additional considerations about the individual's needs and values relating to products and brands. As seen in Exhibit 6.2, the influence of these modifiers changes the individual's behavior patterns. The individual is open to action or to receive and evaluate perceived values and qualities as discussed earlier in this chapter.

One additional and very important point in this chapter is that the emerging social media and their influence on the international consumers' attitude. At the time of the writing of this book this topic was not quite well known, but it has been assumed that social media are very powerful, and in some cultures they may be creating *brand communities*.

The Involvement Factor

One more section of Exhibit 6.1 needs to be brought into the picture. That is the involvement factor, which is covered in Chap. 12. As an individual is getting ready to buy, quality and value perceptions, cultural learning, and modifiers have already interacted. The last set of cognitive influences come with involvement. Three types of involvement are identified: advertising, product, and purchase involvements. All three of these create a last-minute impression that will either reinforce the buyer's purchase intention or reduce it. At this point, some scholars have interjected the

means-end theory. This theory focuses on the meanings that consumers associate with the products or services they plan on purchasing. In some sense they have gone through a pre-involvement process. According to this theory, consumers emphasize attributes, consequences, and end states. Products or services are valued by their attributes, which can produce desired consequences and minimize undesired results (Krystallis and Ness 2004). The relative importance of these consequences is determined by the desired end-result or satisfaction consumers are likely to receive (Gutman 1982). This would result in the final purchase decision. It is important to point out that the brand could have been included here as another involvement. The purchase involvement certainly includes the type and impact of the purchase outlet.

Although we may never know exactly the relative power of all of the influences and the total nature of international consumer behavior, the model I presented in this chapter provides a critical map for the international marketer. It is up to that marketer to explore which of the factors plays more important role and to which extent in certain markets for specific products. In some markets, for example, consumers may emphasize quality perception which may be strongly connected to involvement. In other markets, the emphasis may be predominantly on value perception.

Summary

A major effort is made to put together an international consumer behavior model. Although there have been attempts to create a measurement that would identify the characteristics of the market, it is not advocated here. I believe such an approach is much too restrictive and also burdens the possibility of creating very reliable data that can be functional.

In dealing with the model, we considered consumer decisions mainly on two major factors: value perception, which is mostly affective influences, and quality perception, which is mostly cognitive influences. Then, the model briefly explores the key influences in each of the two sets of perceptions.

Perhaps one final point should be reiterated. Both cognitive and affective influences creating quality and value perceptions do not happen overnight. It takes a long time for consumers' attitudes to be formulated and acted upon. Thus, international marketers must exercise focus and continuity to generate a friendly and loyal consumer behavior pattern.

Three Critical Points for International Marketers

1. Without an understanding of international consumer behavior, there is no possibility for progress.

2. International consumer behavior changes in time, but not in the same way and with same intensity in all cultures.
3. The role of social media must be evaluated separately in every culture.

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Chapter 7

Social Class Impact Modified with Hierarchy of Needs

Although Chap. 6 emphasized a general model of international consumer behavior, it did not get into two very important forces which form and modify the consumer behavior.

Up to this point we discussed cultures and individuals. It has been argued that consumers are individualistic or collectivistic and are influenced by cognitive and affective forces and behave accordingly as consumers. Cultures and societies, to a different extent, have social classes or other types of hierarchies.

Regardless of a society being individualistic or collectivistic, social class status and the hierarchy of needs influence a consumer's value perception, needs, and priority ordering in a pre-purchase stage (Samli et al. 1990; Samli 1995). On the bases of this pre-purchase stage, some products remain parochial while others become global. Indeed, the mechanics of globalization or revival of traditional cultural values discussed in the Introduction of this book are connected to the pre-purchase stage presented here. It is critical here to discuss both social class and hierarchy of needs. If we can build an international theory of needs based on Maslow's original hierarchy concept and modify it or connect it to social class, such a theory could make a significant contribution in understanding international markets, identifying key differences among them and projecting changes in the near future. Perhaps to develop such a theory, we must set the scene for Maslow's theory to be implemented as not culture-bound, but rather as applicable to the globalization and parochialisation discussed in the Introduction of this book (Wells and Beard 1973). Maslow originally stated that human needs arrange themselves into a hierarchy (Maslow 1987). Although there is a hierarchy in each and every culture, these hierarchies are not the same everywhere.

Global Versus Parochial Products

Samli et al. (1990) explored the presence of two groups of products, global and parochial. While global products are known and accepted around the world, parochial products are culture-specific and perhaps, territorially unique products. Samli et al. (1990) explored how some of the parochial products can also become global. In this case, it is very important to explore just how and why some products become global, while the others remain parochial. Based on the argument presented in the Introduction of this book, it is also very important to follow the resurgence of traditional culture pockets and see how these emerging new markets need parochial products for their unique needs. Levitt in 1983 (1983a, b), Nwachukwu and Dant in 1990, and others advocated that the key trend in international marketing is globalization. If this were totally correct, the marketers would standardize their products and their marketing activities, and there would be an endless globalization activity in a standardized form. This orientation created some strong opposition (Wind 1986; Porter 1986). The opposition maintained that the world cannot be seen in such a simple, unitary way. Countries have their own distinct characteristics (Ohmae 1983), and all of them have multiple markets, each of which is likely to be quite different from the others. Clearly, this indicates that many companies, instead of becoming global and standardizing their overall marketing activities, may become multi-local and capitalize on the uniqueness of these specialized markets (Samli 1995). Since many of these markets are varied and small, understanding their idiosyncrasies and catering to their particular needs is the essence of being multi-local (Samli 2004). This necessitates paying attention to different and unique characteristics of each international market and catering to these characteristics. This approach creates and maintains a competitive edge in international markets. An analysis to determine the differences among world markets can dwell upon Maslow's hierarchy of needs as a basic tool. Once the differences in these markets or idiosyncrasies are identified, marketing practitioners can cater to these differences effectively.

Maslow's Hierarchy of Needs

Abraham Maslow put forth his theory of hierarchy of needs in 1954 (Onedo 1991; Samli 1995). Despite its age, the theory is still very much alive, and both its proponents and opponents are still debating its merits and demerits. Perhaps the theory has not been internationalized quite adequately nor has its various dimensions, such as whether it applies to genders equally or unequally, been fully explored. Although it is maintained here that Maslow's hierarchy holds in international settings, and this is true at all stages of the social hierarchy, it is not applicable equally. Cultural differences, differing levels of economic development, and

Exhibit 7.1 Maslow’s hierarchy

| Stages/strategies | Specific products and services | |
|---------------------------|--|------------------|
| Self-actualization | Art, education, leisure | Parochial |
| Esteem needs | Jewels, original paintings, expensive cars | Partly parochial |
| Belongingness needs | Clubs, groups, family | Parochial |
| Safety and security needs | Medicine, radial lines, health insurance | Global |
| Basic physiological needs | Food, shelter, clothing | Global |

Source: Adapted and revised from Samli (1995)

differences in social hierarchies make the importance that can be attached to Maslow’s hierarchy rather variable (Onedo 1991; Samli 1995).

Exhibit 7.1 illustrates the levels of Maslow’s hierarchy and the types of key products attached to each level of this hierarchy. First, a brief discussion of the hierarchic levels is given.

Physiological needs: satisfaction of these needs is essential for survival. Certainly their satisfaction is foundational to the emergence of the other needs. These basic needs are satisfied by food, shelter, and clothing. These are all global products.

Safety and security needs: when the risk perception is highly costly, threat-avoidance systems such as medicine, radial tires, and health insurance are likely to set in. Thus fear can lead to avoidance of risky situations that, if confronted, could yield payoffs. These are also global products.

Belongingness needs: these needs differ from physiological and safety needs in that they are not absolutely necessary for survival. However, there are great benefits to social life, and hence human groups involve extensive sharing of resources, knowledge, and the partnering of chores with others. Being members of clubs, groups, or families are such activities which satisfy belongingness needs. These can be parochial as well as global.

Esteem needs: these may be two separate but related sets. First is the desire for strength, achievement, and mastery (mainly all self-esteem contributors), and second is the desire for reputation, status, dominance, and glory (dealing with esteem of others). Products that may be related to these needs could be jewels, original paintings, and expensive cars. Clearly these also can be both global and parochial.

Self-actualization: this is esteem which is mostly activated by self-evaluation and putting opinions of others somewhere near the end of a list. A more modern interpretation of this need emphasizes the relationship between self-esteem and external outcomes, such as one’s standing in a social group. But in general a musician must make music, an artist must paint, a poet must write—such activities provide peace within the individual. As illustrated in the Exhibit 7.1, art, education, leisure time activities, and hobbies are all products and services for these needs, and they are considered parochial culture-specific and somewhat unique (Kendrick et al. 2010).

In my earlier writing, I stated that from a marketing perspective, Maslow’s hierarchy can be considered to be culture-specific and particularly peculiar to

Exhibit 7.2 Different hierarchy needs

| Hierarchy | Country groups |
|--------------------------------|--------------------------------|
| Self-actualization needs | A few select countries |
| Esteem needs | Developed countries |
| Belongingness and social needs | Newly industrialized countries |
| Safety and security needs | Developing countries |
| Basic physiological needs | Less developed countries |

Source: Adapted and revised from Samli (1995)

American culture. And the reason I gave for this was that only a few societies such as the United States have gone through the stages of Maslow's hierarchy and reached self-actualization (Samli 1995). However, almost two decades later, there are a number of new nations in the world, and many countries have developed a wealthy class. As a result, I believe Maslow's theory has become more applicable to a number of countries and markets.

Basically, from a marketing perspective, Maslow's hierarchy has been considered to be culture-specific and particularly applicable to American culture. The justification for this statement is that only a very few countries, such as the United States, have gone through all of Maslow's hierarchy stages and experienced the self-actualization stage. However, it is possible to generalize that almost all countries have generated certain groups that experienced all stages of the hierarchy. But, basically the level of economic development may indicate a more favorable orientation toward certain levels of the hierarchy. This does mean that the country, say, does not have any groups experiencing self-actualization, but it may be that the country is rather poor and the needs mostly are concentrating on physiological need. Exhibit 7.2 illustrates such a situation. The emphasis of the exhibit is to illustrate where the concentration may be in terms of the level of development of a country. It also means, for instance, that art, education, or demand for leisure may not be overwhelming in a less developed country. Of course, it must also be recognized that a less developed country, for instance, can be making sufficient progress that it may improve its economy. If a less developed country can make enough progress and move, say, to the level of being newly industrialized, certainly its markets for art, education, and markets become much more favorable.

There have been numerous attempts to clarify world markets as illustrated in Exhibit 7.2 (Samli 1991; Samli and Hassan 1992). However, these attempts did not make an effort to connect the level of economic development and consumer needs. Obviously, needs are critical because they not only illustrate cultural preferences but also could guide the marketing practices of international marketers (Samli 1995). Here, for example, in country A consumers may be putting much more emphasis on housing and household expenditures than country B, where consumers may be emphasizing apparel and automobiles, despite the fact that both countries are classified as developing countries. Thus there are some key differences between consumer's behavior even when the economic level of the countries are rather the same. Therefore, first and foremost, it is important to determine what influences

consumers the most in different cultures. This is where social class and Maslow's hierarchy interact.

Social Class and Hierarchy of Needs

Over a half-century ago, Warner, Meekers, and Ezell (1960) explored social class in the United States and summed up their analysis by identifying six classes. These are upper-upper, lower-upper, upper-middle, lower-middle, upper-lower and lower-lower. They further articulated that this particular classification is not only related to economic well-being but to other factors such as education, family background, and occupation. Some 25 years later, the American social class structure has changed noticeably. First, the middle class shrunk, and the upper middle class moved substantially to lower middle class, as evidenced by the shrinking status of Sears Roebuck as a major middle class retailer, the phenomenal success of Target as a lower middle-class retailer, and the emergence of Wal-Mart as an upper-lower and lower-middle class retailer. Second, the upper-upper class has lost its appeal and social power; instead a newly enriched lower-upper group grew tremendously not in terms of sophistication and values but rather in terms of financial power. Third, the gap between haves and have-nots became greater, clearly indicating strategic policy implications for marketing decision makers. Since similar developments are taking place in virtually every society in the world, marketing activity will have to rely on long-term trends in these societies and how these trends will influence the marketing activity.

Consumption Decision Influencer

The interaction between the social class and hierarchy of needs concepts is complicated enough, but analyzing these two on the basis of the individualistic and collectivistic cultures dichotomy complicates the matter substantially, but at the same time provides important direction for the international marketers. Exhibit 7.3 is an attempt to analyze social class and hierarchy of needs concepts within the individualistic versus collectivistic dichotomy. The construction of such a model will greatly assist management decisions of international marketers (Gambrel and Cianci 2003).

In Exhibit 7.3, the closest factor to the individual is considered to be most influential. The relative importance of the factors indicated in the diagram diminishes as we move from inner to outer layers of the diagram. Contrasting the two cultures, in individualistic societies, Exhibit 7.3 illustrates the important fact that, above all, individuals are influenced by cognitive influences while the hierarchy of needs and social class are the least important. On the other hand, in the collectivistic cultures, affective influences are the most important factors. Group

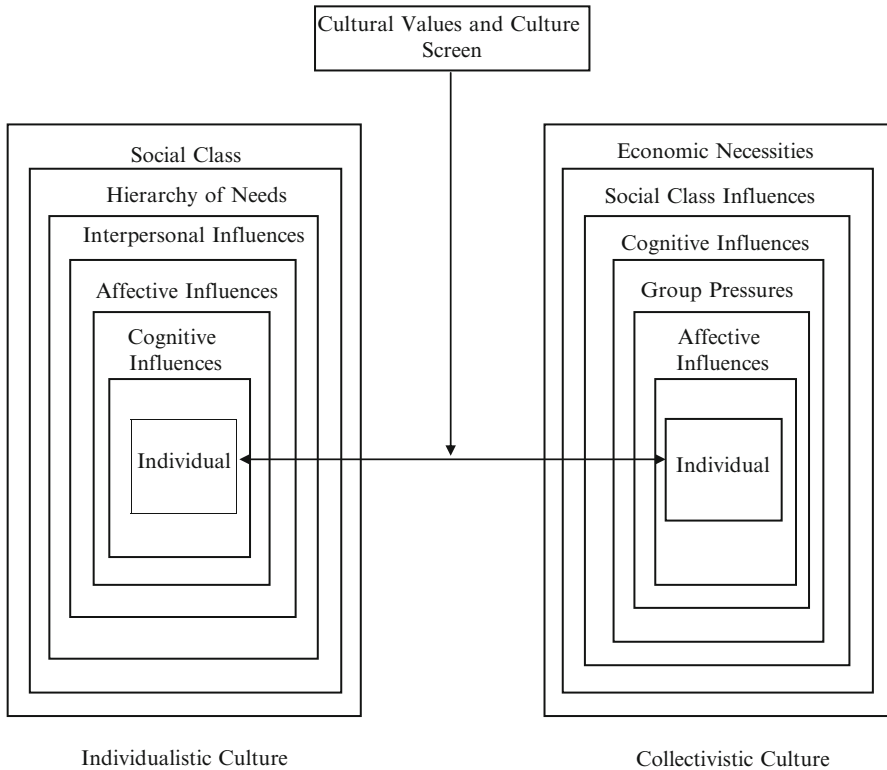


Exhibit 7.3 Social class as related to hierarchy of needs (Source: Adapted and revised from Samli (1995))

pressures are the result of Maslow's hierarchy and the social class pressures. Social class and economic pressures may be somewhat separated in these cultures. Whereas in the individualistic cultures, where the gap between the rich and the poor is widening, the rich may be more involved in self-actualization, and the poor may be more involved in the lower levels of the hierarchy. In collectivistic societies, self-actualization is rather different. According to some, this layer of hierarchy does not exist (Gambrel and Cianci 2003). Others maintain that it takes a different form.

It must be reiterated that the conceptual scheme presented in Exhibit 7.3 is constructed by this author. Neither the factors nor their influence are fixed. They may change from one culture to another and may also change in time. But understanding such a pattern can be extremely critical for international marketing decision making. In order to operationalize the concepts presented in Exhibit 7.3, I have developed Exhibit 7.4. This exhibit attempts to generalize how the concepts presented in Exhibit 7.3 end up being part of the consumer behavior and how this process is being articulated. If we contrast the top points in Exhibit 7.4, we may develop a more profound orientation toward communicating with consumers in

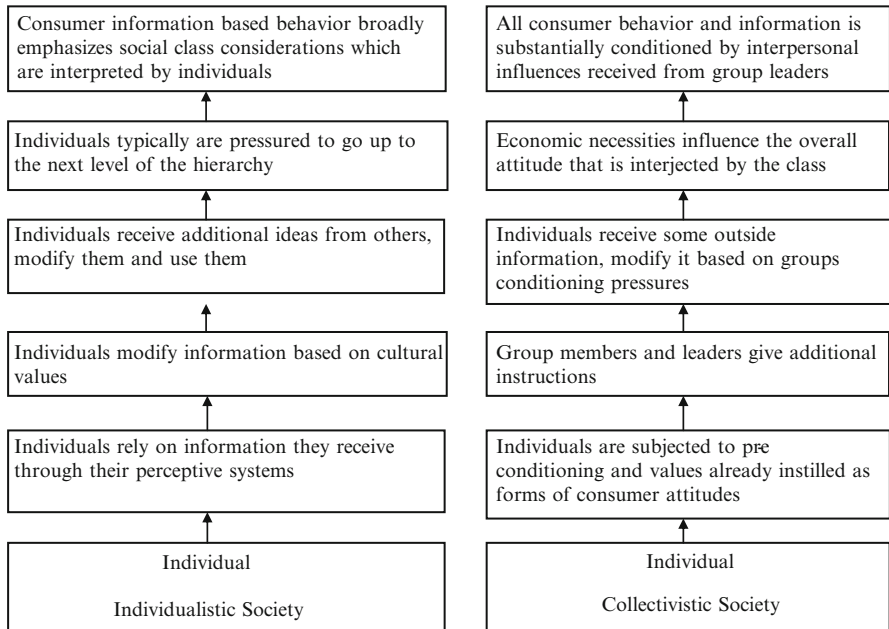


Exhibit 7.4 Operationalization of social class and hierarchy of needs (Source: Adapted and revised from Samli (1995))

individualistic versus collectivistic cultures. In the individualistic culture, consumer behavior is based primarily on information which is modified by social class considerations and interpreted by individuals. Here, providing consumers with a large amount of information is likely to be critical. In the collectivistic society, consumers receive information and, perhaps, instructions from other people such as networks and opinion leaders. Thus, in such cultures it may be more critical to identify the networks and network opinion leaders. The information here may be more persuasive than factual. In both cases, individualistic and collectivistic societies, social class may be more prominent, and in individualistic societies Maslow’s hierarchy may be more prominent. Certainly, the same type of message is not likely to be effective in both cultures.

In order to elaborate the issue here, let us assume the individualistic society is the United States and the collectivistic society is China. Again, although establishing one single profile for each country is rather difficult, but such assumptions would illustrate the point. The individual in the United States is likely to use the information from mass media and, more recently, social media. The individual in this society uses the information to recognize that there is a new iPad or something similar. Perhaps certain cultural values will come into play, such as the brand consumers prefer the most—therefore that brand must be good enough to pay a little extra for. Additional ideas or new information may come from others. Perhaps those individuals are likely to satisfy esteem needs with that particular high-tech

product. Therefore, that product may need to have certain additional features. Those consumers also may be part of upper middle class, and as such they may be open to purchasing, say, home entertainment centers. Thus the consumers' values, behavior and attitudes are formed and play a critical role.

On the other hand, the Chinese consumers receive a word that their extended family needs a laptop. The individuals may wait for further instructions as to what preferred brand (if any) and what price range is desired. The individuals know that the family elders will make the decisions. Additional information may come from group members and other opinion leaders. Although this pattern of behavior is changing, it is still quite prevalent at the writing of this book. The individual is guided in the direction of what is needed. Outside sources such as brochures and storekeepers may also provide additional information. In some cultures, such as South Korea, storekeepers' input may be considered more critical than other bits of information because of the general orientation of the consumer. The individuals may realize that economic necessities may limit the choice to one or two models or makes. It is further possible that the country or group in question may be moving up from basic physiological needs to higher levels of Maslow's hierarchy. The particular family in China may belong to the newly emerging upper-middle class. The person who is assigned to buy the laptop may solicit more input from certain people who typically give advice, and with their help the person makes up his mind. From a marketing perspective, in the individualistic culture, the manufacturers would emphasize information intended for the individuals to make comparisons and mass media communication efforts to reach opinion leaders and social classes. All the emphasis would be on need-satisfaction at the individual level. In the collectivistic society, the manufacturer will provide special information to primarily store keepers, prepare brochures that signify the features of the product, and try to communicate with certain networks or groups by using more personal communication methods. Obviously, opinion leaders in the networks and family elders are particularly important in these communication efforts. Here, the nature of the message used for communication will be quite different than the one used in the individualistic culture. Whereas in the individualistic culture an attempt will be to help individuals to make a decision to satisfy their needs; in the collectivistic society emphasis will be enhancing the well-being of the whole group.

Summary

This chapter provides direction for international marketers to distinguish among international markets and identify what to emphasize in each. By doing so, an international competitive edge can be improved as the special approach proposed here is implemented. Maslow's hierarchy of human needs is proposed as applicable to the analysis of international markets. The Maslow's hierarchy is further modified, however, by the social class pressures. Different countries, on the basis of their level of economic development and certain basic cultural values, may have

different emphases at different stages of the hierarchy. All countries may have all of the various social groups and corresponding hierarchy levels, but they are in different proportions in different specific markets.

It is necessary to decide where the specific market in question fits in the hierarchy and how much social pressure exists, and then identify subgroups and their market readiness in each market. It is important to identify two very important research areas: first, operationalizing Maslow's hierarchy so that it can be used to determine where the market in question is in terms of the hierarchy. This research activity will necessitate examining the economic, cultural, and sociopsychological criteria. The second area is determining the product and service categories which are closely related to the hierarchy within the constraints of the social class pressures. If these two research areas are pursued seriously, much can be accomplished in establishing international marketing power based on consumer satisfaction.

Three Critical Points for International Marketers

1. Maslow's hierarchy provides a very good understanding of international consumer behavior, but it is forming differently in the Eastern cultures.
2. Global versus parochial categorization may take different forms if and when Maslow's hierarchy becomes strongly modified in Eastern cultures.
3. Social class and hierarchy differences require careful analysis of product categorization and marketing orientation.

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Chapter 8

Social Contagion of Global Consumers

Modern consumers experience an impressive connectivity in the form of information-sharing and influence about products and brands. This process is almost similar to the spread of a virus within a population; therefore, recently it has been referred to as social contagion (Van den Bulte 2011). Although social contagion is a very active process, it does not mean there are no other alliances among consumers. In my earlier book (Samli 1995), I discussed, Wa, Inhwa, and Quanxis, factors which are still very much in existence alongside the new activity of social contagion.

For international marketers it is almost an absolute necessity to communicate with markets through social networks. They must recognize that in every society some variation of contagion or some social network is in existence. These social networks are emphasizing word-of-mouth over just conventional advertising. In contagions or networks, some consumers' adoption and opinions of products and brands have powerful influence on others. International marketers, to a certain extent, are able to identify and target these influencers or opinion leaders for more effective market performance (Van den Bulte 2011).

As is discussed in Chap. 3, cognitive and affective influences are very important for the individual consumer. Word-of-mouth communication, which is the essence of social contagion, and social networks are therefore very critical. These networks in different countries take different shapes and forms. We start with Wa, Inhwa, and Quanxis (Terpstra and David 1985).

Wa, Inhwa, and Quanxi

As early as 1989, Alston stated that in different countries there are different distinctive philosophies that guide business managers (Book and Ilmonen 1989); obviously, knowledge of these principles is critical. Perhaps what he did not quite emphasize is that businesses in different countries are themselves different groups that are influencing consumer behavior. Although these groups or networks, until

recently, have not been in the form of social contagions, they have been very effective. Three such entities in three different countries are emphasized here. In Japan, business relations and consumer networks function in the form of *Wa*, which stresses group and social cohesiveness. In China, business behavior and consumer networks revolve around *Quanxi*, which is based on personal relations and networks. Finally, in Korea, activities of businesses and consumer networks are involved with major concern for *Inhwa*, which means harmony based on respecting hierarchical relationships and includes being obedient to authority (Alston 1989; Samli 1995). These concepts or orientations have not changed much, in fact with the social contagion movement their functions and impact may be accelerating.

Wa

Wa is a major force in Japan that places group loyalty and consensus primarily in a horizontal manner, supporting a large middle class. It represents, theoretically, the search for mutual cooperation so that group members can put their total energy into attaining the goals of the group. *Wa* will be achieved if members of the group get away from their individual and selfish goals and concentrate on the group's goals. Of course this does not mean individuals only sacrifice, for they benefit as the group benefits (Alston 1989). *Wa* relates individuals to groups. It has been said, for instance, that a Japanese worker will respond to the question of "What do you do?" by saying, "I work for Toyota," or "I am Toyota," rather than, "I am an engineer," thus indicating that the group membership is more important than that worker's specific position. *Wa*'s basic orientation is such that members of a work team, a corporation, or even members of a nation all cooperate. It must be emphasized that this cooperation also means trust and mutual support. This orientation basically encourages that business dealings take place among friends. Thus, international marketers cannot be successful if they try to function individually. They must be within a group context to be welcomed in the Japanese market. This would enhance the Japanese term of "makoto," which means sincerity and is understood in terms of maintaining and ensuring harmony. It remains to be seen if accelerating social contagion will enhance or disrupt the *Wa* mentality and practices in Japan.

Inhwa

Inhwa is considered to be an important principle of business behavior and consumer interaction in Korea. Somewhat like the Japanese counterpart of *Wa*, *Inhwa* also is defined as harmony. However, the Korean term does not imply that groups are equals; it emphasizes the harmony among unequals. This orientation highlights the loyalty of subordinates to their superiors and similarly values concern on the part of the

superiors about the well-being of subordinates. Based on Confucianism, workers, for instance, owe total loyalty to their employers and supervisors as they owe loyalty to parents and family elders. This orientation has stimulated a “clan management” in such a way that senior managers in a specific firm are related by family ties (Alston 1989). Unlike Wa, where strangers are not expected to become a member of a team or a group, Koreans prefer to develop personal ties with strangers before they develop or support a deal with them. Also unlike Wa, which binds horizontally, Inhwa binds people with unequal rank, which is called vertical binding. Group membership or organizational connections are not emphasized. Thus, Inhwa does not advocate organizational loyalty. Workers switch employers whenever it is in their benefit. One of the most unique aspects of Inhwa is that each party is responsible for supporting the other person and try to make that person happy. A person who is part of an Inhwa mentality would try not to upset the others (DeMente 1988).

Quanxi

One early description of Quanxi is that it is a “fold institution” instilled into the Chinese culture. In some ways it resembles the Western concept of a fraternity; however, in reality it is quite different from a fraternity. The Chinese consider one’s existence in society to be primarily influenced by one’s relationship with others. Thus, if individuals want to survive and advance in society, they may ally themselves with as many friends as possible. These friends will support and protect each other against adverse developments. These can be achieved by Quanxi memberships. All individual, political, social, and business goals can be fulfilled by this membership (Fox 1987). Associations through a Quanxi network are similar to those of a Western network, but they represent closer ties and obligations on the part of those who are involved (Tai 1988). In fact, early on it has been suggested that a key to success in doing business in China is personal connections, which means Quanxis. Such connections can bring cheap and reliable supplies, tax advantages, approval to sell products domestically or for export, and assistance when needed. Thus, personal connections can play a very critical role in one’s life through Quanxis (Samli 1995).

Early on, discussion about Quanxis identified different bases for these relationships: among these were geographic, teacher-student, kinship, co-worker, superior-subordinate, political, classmate and friendship. Although these relationships are all important, the most important basis for a Qquanxi is economic. The economic base places a critical role on emotional commitment, which is connected to psychological dependency that takes the Quanxi beyond being purely economic (Terry 1984). Because of close association, members develop respect for each other and act in the best interest of each other (Samli 1995). Quanxi’s uniqueness has been described primarily in three key areas. First, Quanxis emphasize a strong reciprocal obligatory relationship. Second, Quanxi’s treatment of “closeness” among members is not equal, simply because Quanxis represent

vertical relationships and all members are not equal. Third, Quanxi members are closely connected. Such webs of relationships enables individuals to go around the existing bureaucracy and are able to get things done. The web can lead to unlimited exchange of favors (Tai 1988) and can cause behavior changes in the Quanxi associates (Alston 1989; Samli 1995).

Although Quanxi is a traditional concept and China has been undergoing remarkable changes in the social and economic spheres, there is enough evidence that Quanxis still exist with further expansion in their impact. Particularly, mainland Chinese middle class think Quanxis are important in developing and helping entrepreneurs (Anderson and Lee 2008). Similarly, Quanxis are still considered important in assisting international companies to obtain information about resources, business opportunities, government policies, contact professionals and the like. They are also of great value to them in terms of building up corporate reputation, enlarging market share, and motivating employees among other support services (Yang 2011). Thus, Quanxis have both direct and indirect influences. They directly influence reciprocity responsibilities, gift-giving and impose other values on consumers. Indirectly they support entrepreneurship and multinational companies.

Western Social Contagion

As mentioned earlier, particularly in the West, consumers are increasingly interconnected through different social networks. This trend is supported by the continuous advances in electronic media and telecommunication. As a result, connected consumers are better informed and harder to please. They rely on improved and accessible databases and customer information. These modern consumers are increasingly more connected to suppliers and other competitors not in the traditional way of one-to-many mass marketing but also in one-to-one and many-to-many marketing efforts (Hanssens 2011).

One of the most important outcomes of social contagion are brand communities. The social contagion is generating brand identities and arming brand cultures (Walker 2008). These are on-line consumer movements (Madapu and Cooley 2010). Such brand communities are likely to create consumer value by four different major steps. These steps and practices under each are presented in Exhibit 8.1 (Finan et al. 1990).

People are engaged in brand communities through documentation, identification, brand-use social networking, and impression management. Such communities create value for its participants. These communities are based on brand loyalty, but they go beyond loyalty—there is an understanding and commitment among the participants of the brand community. Clearly, marketing decision makers must understand the social contagion whether it is in the form of Wa, Inhwa, Quanxi associations of brand communities. Unless they begin not only communicating but also influencing the connected customers of each market, marketers are not likely to succeed. There are other types of alliances that need to be explored. In the Middle

Exhibit 8.1 Value creation in brand communities

| Steps | Practices |
|-----------------------|--|
| Community engagement | Documenting Badging Milestoning Staking |
| Brand use | Customizing Grooming Commoditizing |
| Social networking | Welcoming Empathizing Governing |
| Impression management | Evangelizing Justifying |

Source: Adapted and modified from Schau, Muniz, and Arnold (2009)

East, for example, practically every village has its unique type of alliance. Whether social contagion will change them or make them stronger remains to be seen. What is important for international marketers is to be able to work with them.

Summary

Social contagion is causing more consumer connections. These connections work in terms of degree of networking as well as mutual commitment. While Wa, Inhwa, and Quanxi are not new concepts, brand communities are. These concepts, among others, all represent tight networking and participant responsibilities. International marketers must understand existing traditional networks as well as modern ones if they want to succeed in the particular target markets. It is too early to tell how and in which direction social contagion is likely to proceed. Prospective marketers exploring different Asian markets must be able to identify and prioritize the existing networks such as Wa, Inhwa, and Quanxi so that the most suitable ones can be made part of the marketing effort. It is critical for marketing practitioners to determine if the social contagion of the West is influencing Wa, Inhwa, and Quanxi equally or if it is making the traditional networks weaker by starting a modern and stronger consumer networks.

Three Key Points for International Marketers

1. Social contagions and their interactions with social media must be well explored.
2. Social media impact on brand communities and how it may change is a topic of constant analysis.
3. The dynamic nature of social contagion and its changing impact on the international consumer is always a critical area of analysis.

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Chapter 9

Diffusion of Innovation in Different Global Markets

It has been established that new products or products in general are not all accepted in the same manner and in the same proportions. There is a pattern which illustrates the acceptance patterns of products by different cultures which is named by Rogers (1983) as the “diffusion of innovation.” Understanding diffusion of innovation is important for international marketers because it explains how new products are diffused throughout the world and how consumers in different cultures behave in this context. However, understanding the diffusion of innovation process has other benefits. Different groups of consumers in the diffusion activity behave clearly very differently but also they are different groups of people. As a result, dealing with them accordingly and attempting to market different products and services to them effectively would call for different marketing practices.

The Theory of Diffusion of Innovation

Some years ago Rogers (1983, p. 1) made the following important statement.

One reason why there is so much interest in the diffusion of innovation is because getting a new idea adopted when it has obvious advantages, is often very difficult. There is a wide gap in many fields, between what is known and what is actually put into use. Many innovations require a lengthy period, often some years, from the time when they become available to the time when they are widely adopted. Therefore, a common problem for many individuals and organizations is how to speed up the rate of diffusion of an innovation.

The whole process of diffusion depicts how new products and services are adopted in different cultural settings. This adoption process by individuals is very closely related to the culture and simultaneously to the consumer behavior which prevails in that culture (Samli 1995).

International Innovativeness and Diffusion

Some measure of national innovativeness is critical to understand the successful diffusion of new products in international markets. Innovativeness here has two meanings. First is the ability to produce new products, and second is the willingness of the population to accept new products. In this chapter, indeed in the whole analysis of the diffusion process, the second meaning is used almost exclusively.

As we explore the diffusion process in general, the traditional interpretation of diffusion as a theory of interpersonal communication must be modernized by extending it to encompass social interdependence (Goldenberg et al. 2010). Based on that extension, the diffusion of innovation may be described as follows:

Diffusion of innovation is a process of the market characterized by the penetration of new products and services into the market; this process is driven by social influences. These influences include all of the interdependencies among consumers globally which affect various market players directly or indirectly (Peres et al. 2010). Part of the interdependence concept has been developed in Chap. 8. There are some additional points developed in this chapter.

International Innovativeness and Diffusion

All markets do not have the same degree of proneness toward accepting a new product. Determining the propensity to adopt a new product would indicate to marketers how a product should be marketed or if it should be marketed at all. National or market innovativeness can be evaluated if diffusion of innovation curves in each culture (or market) can be constructed.

In an earlier study, diffusion of the innovation process had been assumed to be a normal curve for the acceptance of a new product (Robertson 1971; Rogers 1976, 1983). Early on, typically two basic approaches were used in diffusion research studies, longitudinal and cross-sectional. Longitudinal studies dealt with the time elapsing from the product's introduction to the time the market is saturated. By analyzing this process of saturation and determining who purchased the product, the whole diffusion process can be analyzed. This analysis, however, was market-specific, meaning that the saturation level may arrive faster in one market as opposed to another. Again, early on, research findings in some cases were not available from the point of the product's introduction into the market. In such cases, undertaking cross-sectional analyses of the penetration of the product in different segments of the market at a given time was utilized to approximate the diffusion process (Samli 1995).

The Normal Curve

There have already been many studies of diffusion; they suggest that, in time, a product is diffused in the form of a normal curve. Such a complete curve indicates that a product has been 100 % adopted within the given market. The total of 100 % is composed of innovators (2.5 % of the total market), early adopters (13.5 % of the market), late majority (34 % of the market), and laggards (16 % of the market). The particular concept of diffusion of innovation was developed by rural sociologists in the United States, and the five groups comprising the curve are basically identified by standard deviations (Cundiff and Hilger 1988; Robertson 1971; Rogers 1983).

Although it is quite important for international marketers to analyze national markets in regard to product acceptance, market potentials, and developing marketing plans, the normal curve utilization is not a very good tool for determining how new products are accepted in different cultures or for understanding how varying patterns in different cultures would work against the development of a unified marketing plan (Samli 1995; Abrahamson 1991). In the normal curve analysis, two standard deviations indicate that 2.5 % of the population is coined as innovators. They are the first group to buy the product. In a certain way, they are more risk-takers than the rest of the population. They are a bit more educated, slightly younger, and somewhat more well-off than the average consumer in the market place. Perhaps above all they are readily connected to market information through mass media and, recently, through social media. Early adopters are like innovators, but to a lesser extent. Laggards are the last to purchase, slowed by lack of motivation, somewhat lower income, and less exposure to information. Many of the earlier diffusion studies have segmented consumer population into innovators and non-innovators (Lee 1990). Moore distinguished them as “early” markets and “mainstream” markets (Moore 1991). However, these studies did not take into consideration that the whole diffusion process may be quite culture-connected, in that in a different cultures the diffusion patterns are likely to be different. Only a few earlier studies explored why countries lead or lag in the adoption of new products (Boddewyn 1981; Lee 1990). However, it is extremely important for international marketers to know why countries lead or lag in the adoption of new products and to determine which markets are which Claiborne and Samli 1987a. If international marketers are to diffuse new products successfully in different markets, they will have to know which way the diffusion process works in each potential market’s culture (Samli 1995).

The position taken here is that the diffusion process is different in different markets, and this situation cannot be quite explainable with normal curves alone. Instead, it is necessary to examine the diffusion process in different cultures by understanding how products are adopted or accepted by individuals in each market. This product adoption process is rather difficult to measure, but it is more manageable than the diffusion process per se. The product adoption process is used for the diffusion process because it deals with micro-measurement, which is more manageable (Samli 1995).

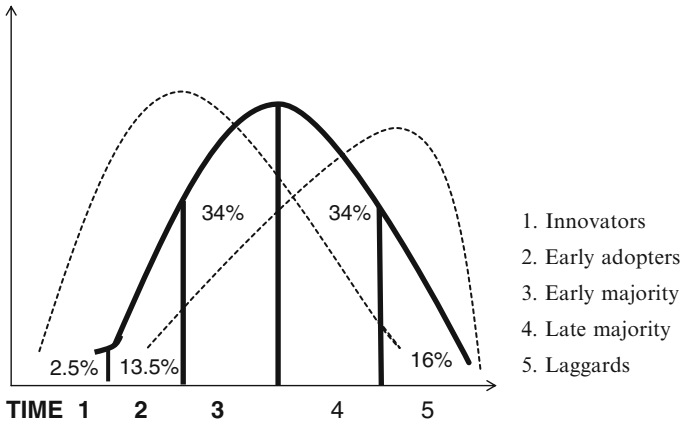


Exhibit 9.1 Proposed three diffusion curves

Applicability

In order to use the diffusion theory in a productive manner, an international marketer must consider the diffusion theory from a different perspective. As seen in Exhibit 9.1, it is maintained here that, from a longitudinal perspective, the assumed 2.5 % and 13.5 % figures indicating innovators and early adopters, respectively, may not be true for all countries or for all cultures. For different products at a given time, the proportion of, say, innovators and early adopters may be higher or lower. If the proportion of innovators and early adopters is greater in country A than in country B, then the normal curve becomes skewed. The curve in this case will be skewed to the left. This may indicate that for certain more sophisticated products, for instance, country A may be a better market since the more sophisticated product is likely to appeal primarily to innovators and early adopters and there may be a gap between the two adopting groups and the rest of the society. Similarly, if the market represents a more traditional or perhaps a developing country there may be proportionately larger groups of late majorities and laggards (Exhibit 9.1); hence, the diffusion curve is skewed to the right. Such a market may be quite suitable for a new product that is cost-efficient, easier to maintain, and extremely durable.

In general terms, the U.S. may have a more normal distribution in its diffusion process (Rogers 1962, 1983). Some more traditional societies, such as Iran, Saudi Arabia or Kuwait, may have diffusion curves that are skewed to the right. Similarly, some more modern societies such as China, Japan, and Singapore may have diffusion curves skewed to the left of the U.S., indicating that they are anxious to try new products more readily than Americans. The concept of differences in the diffusion curves has been referred to as “the country effect” by Takada and Jain (1991). This was identified as a critical factor in the analysis of differences among countries in being prone to accept new products.

Ohmae (1985) illustrated that Japan has a rapid acceptance of innovative consumer products, which illustrates an accelerated diffusion process. This may mean either that the society is represented by a curve skewed to the left or that the whole diffusion process simply took a much shorter time than in many other countries.

Although, in general, culture is an important determinant of the shape of the diffusion curve, other major external forces are creating more and more powerful influences on the shaping of the diffusion curve. In my earlier work, I identified three such powerful forces: materialism, industrialization, and major economic changes. The following section presents a discussion of all three of the forces.

Three External Forces

Materialism has been with us since the beginning of time, but it is changing its nature, and therefore its impact. First, materialism is the importance consumers attach to worldly possessions (Ger and Belk 1990). If the level of materialism were to change, the worldly possessions can become more or less important but more critical is their combined changes. This may provide a great source of satisfaction or dissatisfaction (Belk 1985).

As Ger and Belk (1990, p. 186) stated:

Materialism or consumption based orientation to happiness seeking has generally been seen as a Western trait which achieved an elevated place in industrial and post-industrial life.

As discussed in the Introduction of this book, after the rise of globalization the international consumer has been going in two different directions. While a global culture is in the making which, by definition, is likely to modify the traditional diffusion of innovation processes, there is also a counter-globalization movement which is reviving the traditional culture-related products. This is also causing some modifications of the traditional diffusion of the innovation process.

Ger and Belk (1990) discovered that the Western phenomenon of materialism has been shifting to the East also. They further discovered that Turks were more materialistic than Europeans and Americans (Samli 1995). If the degree of materialism is advancing in a country, it does not mean that it is increasing in all diffusion categories evenly (Rogers 1983; Ger 1992). In fact, it is rather logical to think that it is increasing more than proportionately in “innovators” and “early adopters” groups. In this case, materialism may stimulate innovators’ or early adopters’ appetite for material things. Based on this assumption, it will be reasonable to argue that as the degrees of materialism increases in a society, the diffusion curve becomes more and more skewed to the left, meaning that there may be more than 2.5 % innovators and more than 13.5 % early adopters. It may therefore be possible to maintain that increased materialism is only partially responsible for industrialization of traditional societies (Hirschman 1980; Hofstede 1983).

Industrialization creates economic growth and economic well-being. A number of countries have been and are considered as newly industrialized countries (NICs).

Among these, the most famous are the Asian four tigers: South Korea, Taiwan, Singapore, and Hong Kong. The NICs, in general, have concentrated on certain pockets of industrial concentration that have managed to create overall economic well-being. As these societies experience industrialization, they are also experiencing an increase in the desire for material things—meaning that there is a powerful increase in demand for all products and services. Once again, as industrialization advances, it is not necessary to assume that the whole diffusion curve maintains its normal bell shape and changes proportionately. Rather, as stated earlier, the curve may become more skewed to the left.

The third external force is of a more general category, dealing with some significant changes in the economy. For one reason or another, if the income of the society changes, then the diffusion curves changes: it gets skewed to the left or to the right. As seen in Exhibit 9.1, the diffusion curve can be skewed in either direction. Similarly, a sudden increase for a certain product or service can easily create a more skewed effect on the left hand side.

Operationalization of the Diffusion Process

It must be reiterated that in this chapter it is maintained that culture is a key modifier in the diffusion process that a country is experiencing. As also mentioned in this chapter, the diffusion curve could be normal or it could be skewed one way or the other. It is not very easy to determine if the country is skewed to the left, normal, or skewed to the right. In my earlier work, I maintained that a surrogate variable is needed to determine just where the market is (Samli 1995). Here, the emphasis needs to be on evaluating the proneness to accept new products. Such an approach, rather than assuming that better marketing practices caused the proneness, needs to be cultivated. This approach is considered to be the country effect (Takada and Jain 1991).

In order to approximate the diffusion, this country effect is used. The country effect indicates the adoption process. It may be considered as the micro counterpart of the overall macro-diffusion process.

The adoption process examines the way new products are accepted by individuals. In operationalizing the adoption process, early studies established the hierarchy of effects models (Hovland et al. 1953; Levidge and Steiner 1961; Palda 1966; Robertson 1971). This research continued and was refined (Andreason 1965; Howard and Sheth 1968; Nicosia 1966; Smith and Swinyard 1983; Walters and Bergiel 1989). As the adoption models matured, they became the result of three distinct states: (1) the cognitive stage, (2) the affective stage, and (3) the behavior stage (Kotler 1990; Robertson 1971; Samli 1995).

The cognitive stage, as discussed in Chaps. 2, 3, and 4, concerns the way consumers receive information, process it, and evaluate products and services. Individualistic Western cultures are more prone to this type of information

dissemination. Certainly, this point is very important for international marketers who are planning to inform consumers.

As also discussed in Chaps. 2, 3, and 4, the affective stage refers to the more emotional aspects of consumer attitude. Traditional values that are maintained and disseminated by the culture of the society are literally instilled into the consumers. Thus, certain given sets of traditional values and behaviors precede and modify the cognitive influences. This situation is more prominent in collectivistic cultures.

Finally, the third stage behavior strongly relates and forms a disposition to behave (Berkman and Gilson 1986; Kotler 1990; Samli 1995). In time, these three stages become coexisting, rather than one leading to the next. However, I take the position that cognitive and affective stages precede the behavior stage, as discussed in Chaps. 2 and 4. Based on Wallace's theory, personality is already formed before all three stages that are discussed here. Thus, from an international marketing strategy perspective, the adoption process, by definition, is connected to the behavior stage. The international marketing strategy is likely to influence the individuals' thinking and carries out the key values that are articulated by affective influences. Or, by influencing the already formed attitudes, marketing practitioners may try to directly influence this stage, with the hopes of achieving certain behaviors by consumers.

However, during the past decade or so, innovation diffusion has seen a new type of social influence. Modern consumers today are being exposed to a wide range of strong influences, which include network externalities and social signals through emerging social media (Peres et al. 2010).

Exhibit 9.1 presents a modified version of my earlier diagram, which was published in 1995. Today mobile phone service has become part of normal daily life of more than half the world's population. Such tremendously stimulating social influences through social media are forming or modifying consumers' propensity to adopt new products and services everywhere (Peres et al. 2010). The international marketer has a major set of new forces and alternatives to work with in order to achieve the desired behavior stage. At the writing of this book, these new forces are in full force and it is not quite clear how they are likely to interact with the behavior stage in the future.

From Chasm to Seamlessness

In dealing with the diffusion curve, Moore (1991) was perhaps the most influential in articulating the fact that between each group and the next one there is a chasm. Thus, it is not smooth sailing to go from innovators to early adopters. The two groups, anywhere on the diffusion curve, are disassociated—meaning that there was always a difficult for any group to accept a new product independently, particularly if such a product is presented in the same way as it was presented to the previous group. This implies that a special and perhaps different marketing strategy is needed to appeal each of the five groups of the diffusion process. Moore

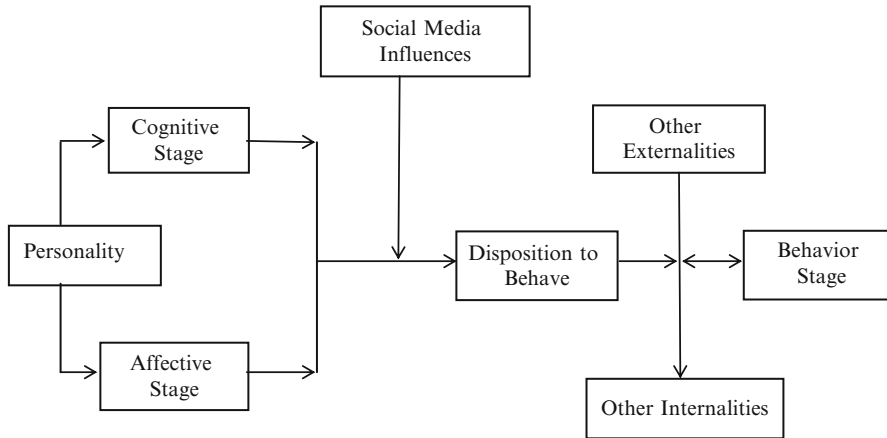


Exhibit 9.2 Adoptive behavior of consumers (Source: Adapted and revised from Samli (1995))

went one step further and talked about the fact that there is a gap between any of the two groups, which he described as the “cracks in the bell curve” (Moore 1991). He referred to these cracks as marketing opportunities, and he indicated that transition from one group to the next is never smooth.

As seen in Exhibit 9.2, social media influences are entering and playing a critical role on the disposition to behave. Traditionally, this occurs at a point in time at which a consumer has made a decision in favor of the new product on the basis of external and internal market influences. Here, external meant advertising and other communications initiated by the firm, and internal influences meant interaction among consumers in the market. The proliferations of newly introduced information, entertainment, and communication products and services have been influencing the diffusion process strongly (Peres et al. 2010). Thus, I maintain that these are social media influences modifying the traditional externalities and internalities not by the marketing efforts of companies but rather by people-to-people social communication. Perhaps, it is hypothesized here, without attempting to accept or reject, that the chasms so strongly detected by Moore are no longer there. Instead, the five groups of diffusion curves are very smoothly connected without seams. This situation may even raise the issue of whether the groups of diffusion are still there. The position taken here is that they are there, but they are also totally connected. International companies introducing new products or services must have a feel for the social media and its direction in a particular market. Perhaps the firm that is planning on introducing a new product to a market, after finding out more about the local social media and its direction, may practice some type of buzz marketing, with the intent of establishing a more positive disposition to purchase the product. This may be a powerful research area in the near future.

Summary

Perhaps the most important message of this chapter is that the classical diffusion of innovation models, as it was originally conceptualized, no longer accurately represents markets.

It has been emphasized here that the classical bell curve, with 2.5 % innovators, 13.5 % early adopters, 34 % early majority, 34 % late majority and 16 % laggards, is no longer considered to be the norm. It is emphasized here that the traditional diffusion curve could be skewed to the left or the right depending upon the prevailing culture and, as emphasized at the end of this chapter, the propensity to adopt the product.

In the operationalization of the diffusion process, a micro-approach to determining the adoptive behavior is emphasized. The tendency to adopt the new product is no longer compartmentalized, but it is maintained here that it has become seamless.

Three Critical Points for International Marketers

1. The diffusion process changes in different cultures in time.
2. There is no reason to think that every culture has the same proportions of innovators or, say, laggards.
3. It is not reasonable to assume that all innovations go through the full cycle of diffusion.

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Chapter 10

Country of Origin, Country of Production, and Country of Assembly

As is discussed at the beginning of this book, regardless of whether consumers belong to an individualistic society or a collectivistic society, they are influenced by cognitive and affective forces. Furthermore, they receive information about products and services through personal or interpersonal activity. As a result of these influences individuals have certain preferences regarding existing products and services. These preferences are in the form of a series of priorities. These priorities are related to actual products, the brands by which they are identified, the companies that produce them, and the countries where they are actually produced, not necessarily in that order. In Chap. 6, an attempt is made to identify three concepts: country of origin (COO), country of production (COP), and country of assembly (COA). These three concepts play a critical role in influencing consumers' priority systems throughout the world (Chao 2001).

Obviously, if a product is conceptualized and produced in Japan, it is identified only by the country of origin. However, many products are either totally or partially produced in different countries. Thus, in addition to country of origin, some products have also country of production. Other products may have been conceptualized in one country, produced in parts in different countries, and assembled in yet another country. Hence, these products may be associated with a country of origin, countries of production, and a country of assembly. As discussed in Chap. 6, these country associations may be rather critical in creating a desire for purchases. Of course, certain products—such as certain cars, private planes, or sporting goods—may be admired and recognized just on the basis of their specific features. In these cases, the product and its brand are specifically identified and preferred. The brand and the name of the maker are sometimes the same such as Ford cars, IBM products, and the like. But in recent years, perhaps due to the overall improved knowledge and sophistication of consumers worldwide, researchers have found out that the country where the product is conceptualized, made, or assembled are important bits of information. This chapter attempts to present a discussion of how country of origin, country of production, and country of assembly cues can be utilized as external influences between the disposition to behave and actual behavior stages of the international consumer, as discussed in Chap. 9—with a detailed

exhibit in the same chapter (Exhibit 9.2). It is possible that the information cues related to products are more important in expensive products, as well as in products that are satisfying esteem needs and belongingness needs particularly.

Product Information Cues

In this day and age of information explosion for consumers throughout the world, information cues about products are very critical, and competition in the nation perhaps begins with these.

As early as 1972, Olson and Jacoby classified product information cues into two major categories: intrinsic and extrinsic. While intrinsic cues indicate the information about the product that cannot be changed unless the product is physically altered, extrinsic cues can be changed without such physical alterations.

First country of origin, then country of production, and most recently country of assembly are among the most important extrinsic product cues, particularly in international marketing. Early on we classified country of origin as one of the four product characteristics: physical product, package, service, and country of origin (Samli and Hill 1998). Country of production and country of assembly are late arrivals to the product characteristics categories. In analyzing country of origin cues effect on consumers' psyche, I analyzed three separate impacts (Samli 1995): (1) the halo effect, (2) beliefs about the product attributes, and (3) stimulated purchase intentions (Young et al. 1994).

The Halo Process

Today more than any time in the past, if consumers initially like a product's features, they may revise and lower their evaluations if they discover the product is made in a country that may not have a good reputation for being the producer of a good-quality product. In such cases, the feelings consumers may have about the country where the product was made are transferred directly to their overall evaluation of the product in question (Samli 1995). Obviously, the name of the country triggers positive or negative feelings. In advertising a car, for instance, the most recent advances in German engineering may be a strong plus factor, since the German engineering has a very high reputation. By the same token, my recent research has shown that consumers are not willing to pay less and buy French luxury products that are made in China. In such cases, the country name may act as a very strong cue which triggers positive or negative feelings, without even thinking of the product's specific features. If such strong latent feelings are developed for country of origin cues, they could generate a halo effect for new products that may be coming out of that particular country. Such a halo effect would be a stimulator in the introduction of a new product from that country. Similarly, it could be a

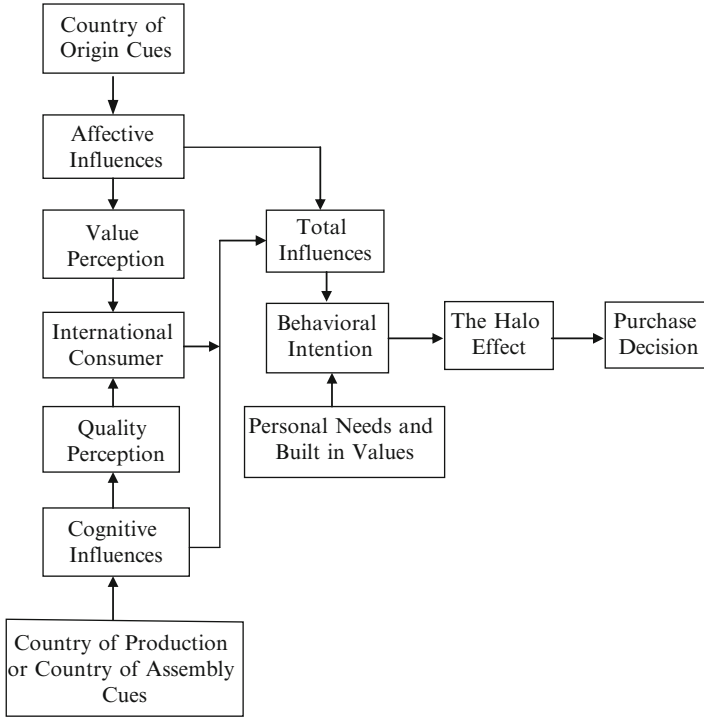


Exhibit 10.1 The halo effect of country of origin, country of production, and country of assembly

deterrent to the successful introduction of the new product if the country of origin effect is negative. Country of origin cues rely on reputation, and hence they may be a part of a value perception on the part of the consumer; therefore, country of origin cues may be considered as more affective influences, as indicated in Exhibit 6.1 of Chap. 6. However, the modern consumer, being curious and reasonably well-informed, would like to know more about product characteristics and where it is produced or assembled. Thus, the modern consumer may also be seeking cognitive influences, such as seeing, touching, or using the product. These cognitive influences are called “quality perception,” which would also include information about country of production or country of assembly. Again, this point is shown in Exhibit 6.1. These two concepts are put together in Exhibit 10.1. Although the exhibit shows total influences as being complimentary and additive, certainly, it is possible that country of origin and country of production may not be quite in the same category. The question arises here: what if the country of origin is very positive but the country of production is rather negative? To what extent this product is likely to be accepted or rejected by the market? Furthermore, as is discussed in Chap. 6, the international consumer has personal needs and built-in values, such as hierarchy of needs, social class influences, cultural built-in values, and the like. The consumer’s intention toward the product would be the end

result of all of these considerations and influences. The key question then would be: Would all of these influences and needs create a halo effect? It is rather critical that international marketers understand that a halo effect could be positive or negative. Much needs to be done to create a positive halo effect that would enhance the product image of the company for existing as well as for future products. In addition to the physical product package and service components, the country of origin, the country of production, and the country of assembly are critical aspects of international products, and all together they influence the consumers' thoughts, both cognitively and affectively (Samli and Hill 1998). Once more, it must be reiterated that there are important forces influencing the consumers' evaluation process. These forces form or modify the total product evaluation process; therefore, they are extremely important for international marketers to know and prioritize.

Product Attributes

Product attributes, as discussed in Exhibit 6.1, are part of quality perception. In that exhibit, extrinsic attributes are emphasized. These are unique and readily detectable features of the product. However, expanding the product attributes concept, two more sets of influences need to be considered in addition to the noticeable and unique aspects of a product. In Exhibit 10.2, these two additional sets are clearly identified. Product-attribute-related information, in terms of product specifics, can be received by direct experiences, i.e., cognition or by hear-say information from others, i.e., affective influences. Perhaps in less-developed countries, direct information through experiences may be more critical, since people there have less money and less previous experience with owning the products. For more advanced societies, such information is relatively less important because of the fact that consumers have experience with the products, and they can rely on consistency of the product characteristics.

The second set of influences comes mostly from information about the product, which is mostly affective, through mass media and, more recently, through social media. This set of information may have a more powerful impact on more-developed countries, where consumers are used to being exposed to mass media influences.

As Exhibit 10.2 illustrates, these two sets of information combined would influence individual consumers' states of mind. They may be more influenced by affective influences from social media in more advanced societies, since social media are more likely to be widespread in these societies. In all cases, the individual's state of mind is further formed into beliefs and evaluations. It is the state of beliefs and evaluations that would form the attitude toward the product which would lead into the direction of behavioral intention to buy or not to buy and would end-up as purchase activity. Perhaps a distinction that may be important, particularly for international marketers, is that if the product cues are received at a

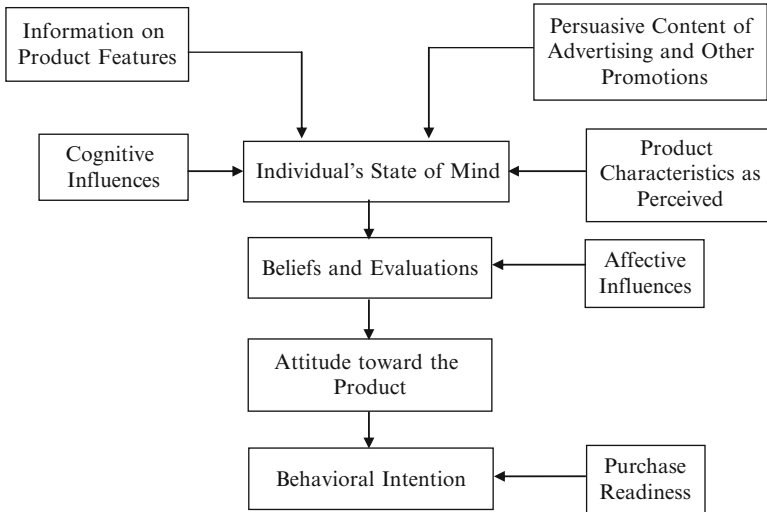


Exhibit 10.2 Product attributes perception

cognitive stage, they would be attributed to or form product characteristics. If these cues are received at an affective stage, they will influence the consumer’s beliefs about the product. If the product cues are received at the behavior stage, just before the purchase activity, the purchase motivation may be reinforced and post-purchase questions may be reduced or eliminated.

Can Country of Origin Cues Be Used for Strategic Purposes?

It is necessary to understand the categorization theory in order to determine if and how country of origin cues can be used as a major strategic tool. The cognitive system of individuals, as discussed in Chap. 3, stores information to be used later as part of a consumer category in such a way that consumers understand and draw inferences about certain products that are represented in the cognitive system. From a marketing perspective, it is important to decide how consumers can identify that product as a member of a certain product category so that it may be differentiated from competitors’ products in the same category (Samli et al. 1994), (Samli 1993). Such a complex procedure almost by definition necessitates not a single cue but multiple cue orientation to country of origin cue-based strategies. However, multiple cues may not be as strong as one single cue.

As country of origin cues are used, it is important for the marketer to predict how consumers in the target market perceive the product and categorize it. Although categorization theory has a rich history it is not very versatile in having a number of categories as a priority.

However, the marketing practitioner must have a general orientation as to how the product or products must be marketed, since certain products have different appeals and different impacts in the market system. Perhaps one of the few product categorizations the theory deals with is hedonic versus utilitarian product categorization (Salciuviene et al. 2010). Obviously, if the marketing practitioners were to market the product as a utilitarian product, but in the target market it is categorized as a hedonic product, the results of the marketing efforts would be very dissatisfactory. Thus, despite the categorization theory's reliance on consumers' psychological attitude toward the product, the marketing practitioner needs some semblance of product categorization before the product is marketed.

Perhaps in general terms the marketer may have an idea that the product is a convenience, shopping, or specialty product, or perhaps a priority categorization of Maslow's hierarchy as presented in Chap. 7 can be utilized for such intent. If multiple country of origin cues were to be utilized in the product's marketing, proper COO cues must be used on the basis of the hoped or the expected consumer categorization.

Exhibit 10.3 presents four major COO cues. These are outstanding quality, reliability, dependability, and consistency. These COO cues are often used as surrogate information cues when consumers may not even know the specific product attributes (Zang 1996). In such cases, consumers may base their evaluations of a product on the basis of their perception of a typical product produced by that particular country (Lim and Summers 1994). In such cases, consumers categorize the product in their minds. Here, the ideal situation is for there to be a match between the marketing practitioner's understanding of what category the product belongs to and what categorization consumers perceive. This would reflect a very successful marketing strategy.

Quality Perception

As discussed in Chap. 6, consumer's value perceptions characterized by COO cues are related to affective influences. However, consumers are quite open to receive additional information regarding the product. This is the quality perception based on more cognitive influences and also based on country of production or country of assembly cues.

If, say, a well-known French product, say Louis Vuitton, is made in China, the curious or suspicious consumer in an industrial country market or cautious consumer in a developing market will consider the product's features. Cognitive influences research has shown that in cases like this, the product is not preferred due to the country of origin, even with the cheaper price. In fact, research has shown that consumers are willing to pay a little more for such a product if it is made in France (Chowdhury and Biswas 2011). The situation becomes even more complex when the parts of the product are produced in different places and the product is assembled in yet another separate place. Consumers, for instance, have been quite

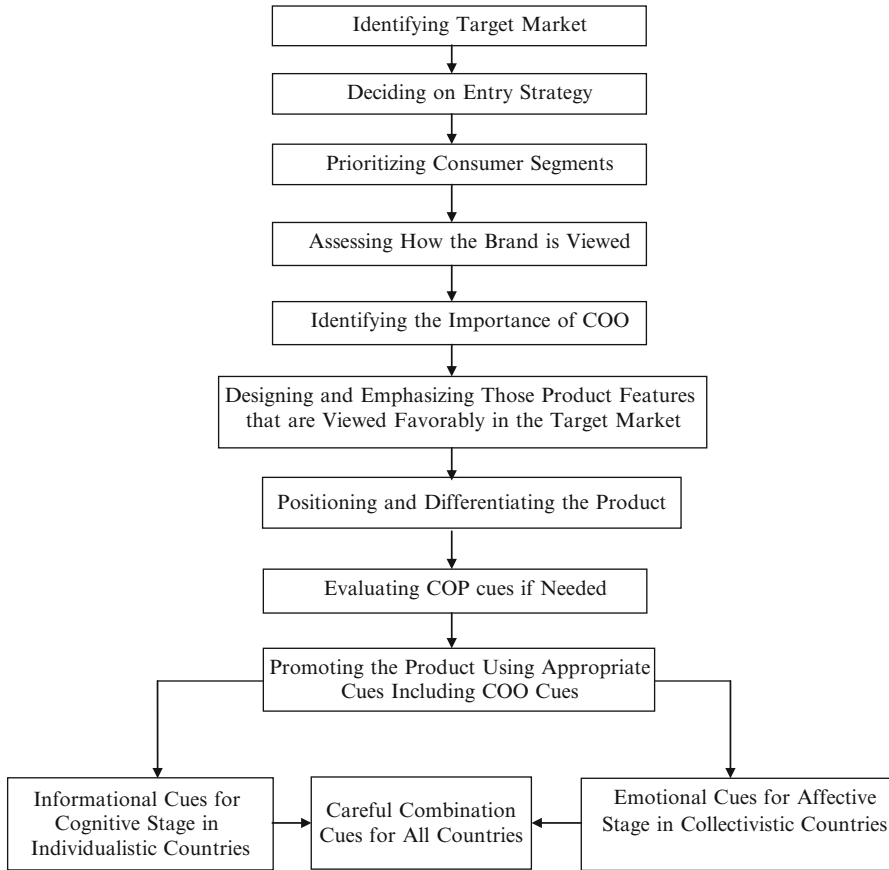


Exhibit 10.3 Country of origin using COO cues in an international marketing plan (Source: Adapted and Revised from Samli (1995))

skeptical about products assembled in the U.S if they contain parts produced in Mexico (Chao 2002).

As can be seen, COO cues are more powerful than country of production cues (COP) or country of assembly cues (COA). However, a major question still remains to be answered: how do these cues connect to the product brand?

The Product Brand Impact

A number of studies have shown that there must be a congruity between the brand and the country of origin, particularly when the level of involvement on the part of the consumers is relatively higher. In other words, if consumers physically examine

or try the product in question, perceived congruity becomes significant (Aurier and Fort 2007).

If, for instance, the country of origin is France, but the brand is German, this may create some degree of incongruity, which may become somewhat objectionable to the consumers. However, depending upon the economic level of the market and relative importance of the brand name, if the product is categorized as hedonic rather than utilitarian, the foreign name brand may be preferred despite the incongruity (Salciuviene et al. 2010).

Connecting Country of Origin to Brand

In my earlier work, I maintained that product information cues can be categorized into two groups: intrinsic and extrinsic (Samli 1995). The country of origin, I maintained, is one of the key extrinsic cues. Earlier research has shown that countries of origin cues are more important than price and brand information in influencing consumers' assessments of product quality (Wall et al. 1991). However, I also advocated that country of origin or extrinsic cues are, by definition, more important than intrinsic product cues. I further advocated that a combination of extrinsic and intrinsic cues may work together and create a synergistic impact. I still believe that country of origin cues in conjunction with other product cues, particularly with brand, can be most effective. Knowing that country of origin cues are very important, international marketers may consider communicating with their target markets effectively by putting adequate emphasis on country of origin cues in their marketing programs. As early as 1991, Cordell maintained that country of origin cues are better promotional tools for more upscale products within a given product category, particularly in more well-to-do consumer markets (Johansson et al. 1985). Here, some early researchers also maintained that the timing of this communication activity is rather critical. Hong and Wyer (1990) maintained that if the country of origin information is communicated to the market early enough, these cues become particularly influential in consumers' evaluations of the product. I maintain that country of origin information becomes even more effective if it presents a cumulative picture. That picture also includes the brand.

More on Strategic Implications

Country of origin and brand cues need to be connected and used carefully so that they will have a positive impact on international consumer behavior (Kale and Sudharshan 1987). This knowledge must be put into a strategic perspective. The following section attempts to accomplish this. Exhibit 10.3 illustrates a model which attempts to accomplish such an orientation. Although the model is rather

general, it can be made more country- and product-specific. The model is composed of nine key steps:

1. Identifying target markets. Many decisions needed to be made in terms of the cultural characteristics, size, sophistication, and evaluation of attachment to the brand and country of origin which exist in a market. . These decisions would specify the overall marketing orientation to a particular market. Details of this step would necessitate variation of the marketing plan for each specific market.
2. Deciding on Entry Strategy. There are many entry alternatives, based on a company's objectives, the needed degree of control, and the tolerable level of risk. There is a possibility that different entry strategies may be used to enter different target markets.
3. Prioritizing Consumer Segments. It is most likely that each target market is not quite homogenous. It is necessary to understand its components, which are different market segments. Even if it is the target market, only certain parts of it are likely to be prospective buyers of the product in question. It will be necessary to identify components of the target market that are most likely to buy the product in question.
4. Assessing How the Brand Is Viewed. If the brand is already known and is appreciated for certain specific reasons, even before the product is marketed in the target market it is necessary to examine how well and in which ways the brand is known. This information would facilitate the overall marketing approach that may be used in that market.
5. Identifying the Importance of Country of Origin. It is rather critical to determine whether the country of origin information is likely to be viewed positively or negatively. The country of origin may be quite positive in one market and relatively negative in another. Certainly in deciding where to market the product, this information is very critical. It is almost useless to try to penetrate an international market if it is hostile. In the long run there may be attempts to alleviate the negative views by using different promotional and marketing efforts if that market is considered to be important for future penetration.
6. Product Features. The key features of the product in question as seen by the consumers in the target market must be identified and must be emphasized in promotional efforts. By identifying the key intrinsic product cues from the point of view of international consumers, the company in question can quite likely prepare the most adequate combination of product, brand, and country of origin combination for most effective results in target markets. Here, congruity between the country of origin and brand needs to be emphasized, as discussed earlier in this chapter.
7. Positioning and Differentiating. Positioning, by definition, is matching product information with product characteristics and country of origin with the preferences and understanding of different world markets. Earlier studies indicated that products must be positioned in such a way that psychological values associated with country of origin not only match product features but also match target market preferences (Doebelin 1982), which this author still believes

to be very relevant. But, as the product is positioned, it is rather critical that it is identified differently than directly or indirectly with existing competition.

8. Evaluating Country of Production Cues. As globalization becomes more widespread and the world becomes flatter (Friedman 2006), it is critical to examine just how the country of production cues enter the picture. Perhaps the most important point to be emphasized here is that the country of production should not be totally defying a certain degree of congruity. If, for example, the country of origin is very well known for its productive skills and quality, having the product produced in a very low cost but questionable workmanship may be counterproductive, no matter how low the price, unless the target market is very poor and does not have a special attachment to the product and brand.
9. Promotion. Based on the above eight steps, the promotional efforts for the product need to be carefully managed. The cognitive influences in consumer behavior, particularly in individualistic, industrialized, and low-context cultures, are likely to be more influenced by the country of origin cues than consumers in, basically, third world countries. While the emphasis in an industrialized target market needs to be put on certain mass-media-selected facts to facilitate cognitive learning, in a third world country more affective information, along with first-hand experiences, may be emphasized.

It is rather obvious that all countries are not necessarily individualist versus collectivistic. It is quite likely that some have populations that are a combination of both. In such cases, the nine-step program discussed here needs to be adjusted to the parts of the country or the population. As mentioned earlier, the nine-point model above can be modified and adjusted to the characteristic of the target market based also on the features of the product in question.

If the above nine-step marketing plan creates a good market position for the firm, then the brand which identified the product is likely to be growing in power or recognition. This may lead to a very desirable international brand loyalty.

More on Cognition

As discussed in Exhibit 10.3, in connecting country of origin cues (COO) with strategy, emphasis should be on a more detailed examination of cognitive influences. Although both country of assembly and country of production reinforce country of origin cues, it is important to examine what those cues are. In Exhibit 10.4, four country of origin cues are emphasized. These are quality, reliability, dependability, and consistency. Although these features somewhat overlap, they also indicate certain important features. Perhaps above all, outstanding quality (e.g., from Japan and Germany) creates a major headline. But along with the quality, reliability is a necessity. It may mean that products are always reliable in terms of their higher quality status. In other words, there is no doubt that they deliver high quality.

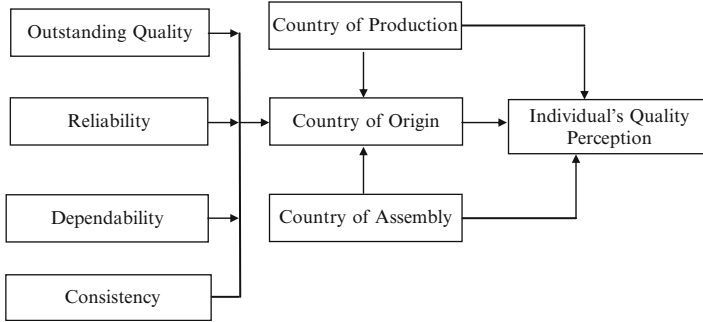


Exhibit 10.4 Cognitive influences

Dependability is in some ways somewhat more personal, in that individuals must believe the products will satisfy the needs that the products are bought for. Dependability personalizes the quality and relies on past experiences.

Finally, consistency indicates a time dimension, that the product “has always has been like that.” It is understood by consumers that the quality over time has been maintained and that it will go on indefinitely.

More on International Brand Loyalty

Exhibit 10.5 presents a point of view as to how international brand loyalty may form. In all markets where the product is currently available and in others where it may be marketed, there is or has to be a certain level of brand familiarity. That familiarity is either reduced or reinforced by country of origin cues.

As seen in Exhibit 10.5, brand familiarity partially based on past experiences and reinforced by country of origin cues, is further strengthened by cognitive learning about the product features. This is likely to be a typical pattern in individualistic societies. In a collectivistic society the pattern is likely to be different. Here, there will be more affective forces influencing the brand appreciation. In these societies, there may also be habitual behavior or inertia which may further create brand loyalty. In such cases, the brand may be preferred and purchased not necessarily because consumers are consciously loyal to it, but there is consumer inertia (Engel et al. 1990). Inertia implies a passive habitual purchase pattern. It is not nearly as strong or as viable as brand loyalty. It may be reasonable to speculate that in more traditional or third world collectivistic societies, there may be a stronger tendency toward inertia. Knowing these marketing practitioners in these countries may cultivate this inertia further by stimulating interpersonal interactions toward brands, targeting elders, groups, and opinion leaders in such promotional efforts. In individualistic societies, however, the pattern may be quite different. In these societies where cognitive learning through more personal efforts is more predominant,

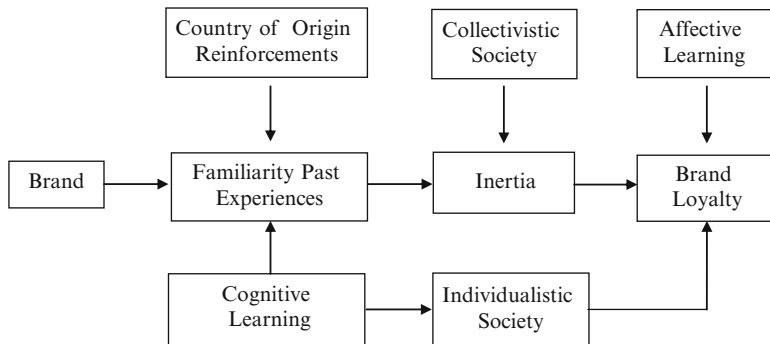


Exhibit 10.5 International brand loyalty (Source: Adapted and revised from Samli (1995))

individuals would go beyond inertia and consciously develop strong brand loyalty. It may also be considered that the more traditional societies may have fewer brands, and this condition would accentuate the tendency to develop inertia. It may be important for marketing practitioners that purchases through inertia may be more temporary and weak as opposed to a genuine brand loyalty that may exist in individualistic cultures.

Summary

This chapter deals with a number of current and important issues. Just what are the relative roles of country of origin, country of production, and country of assembly in international marketing? It is maintained here that country of origin and related value perception is considered by international consumers as being more important than quality perception, generated by country of production and country of assembly. Here, though, the categorization theory may play a significant role. How the product is categorized in the minds of the consumers becomes important. A major point raised in this chapter is that the international marketer has his own categorization. The ideal situation is when the marketer's categorization matches the consumer's. Using COO as part of the marketing strategy emphasizes the need for congruity of brand and COO, perhaps with the exception of a very well-known brand name in a foreign language which may actually enhance the product's perceived value.

Three Critical Points for International Marketers

1. Never assume that the role and relative influence of different factors on the consumer behavior remain the same.

2. New concepts may be emerging, such as country of design; never ignore changes and new influences.
3. Country of origin cues at the point of this writing is still the most important concept in this group—pay special attention to it.

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Chapter 11

International Market Segmentation Based on Consumer Behavior

In my earlier book (Samli 1995) I paraphrased Spielvogel (1989) saying that global consumer segmentation must cross national lines. That could easily be misconstrued: first, there could be a global segmentation that is not quite realistic and there cannot be national segmentation, let alone a global one. Second, crossing national lines can be interpreted as markets being homogenous domestically and segmented internationally (Hassan and Samli 1994; Hassan and Katsansis 1994). This also is not correct, because domestic or international markets are simply not homogenous. In fact, as stated in the Introduction, today there are more cultural pockets in markets that may be forming as segments. In other words, neither domestically nor internationally does one size simply fit all (Dichter 1962).

Regardless of whether they are domestic or international, markets are not homogenous (Katler 1994). They are composed of multiple components that are identifiable, measurable, significant, accessible, and actionable. Without proper knowledge and proper utilization of these segments, international marketing cannot be successful. The following is a brief description of the five features of market segments:

Identifiable: perhaps above all, a segment must be carefully identified so that a proactive marketing strategy can be ensued. Segment identification can be made before the fact, by using basic criteria such as demographics, geography, psychographics and the like, or after the fact on the basis of purchase patterns, consumption preferences, and perhaps most currently, social media participation.

Measurable: if the identified segment cannot be measured, it will not be possible to assess its size or its significance. There are many different approaches to measure the segment. It is important here only to specify that the segment must be measured.

Significant: once the segment is identified and measured, it is critical that it is found to be large enough or significant so that it will be worthwhile to consider entering. If it is not significantly sizeable, it will be useless to try to develop a marketing strategy to enter that segment.

Accessible: even though the market segment under consideration can be identified, measured, and significant, it may not be accessible, meaning that there may be

barriers to entry. There could be many different types of barriers. For example, that market may be already taken by very strong competition. There may be legal requirements for entry. The critical point here is that it may be a good market, but it is not possible to enter.

Actionable: despite the fact that the market under study may be identifiable, measurable, significant, and accessible, it may not be appropriate for the company analyzing it, since the market may not be in the firm's core competency. In other words, the segment is good for another type of product or another type of business.

All in all, it is of utmost importance that international segments must be understood and distinguished carefully from each other if consumer needs in different parts of the world are to be satisfied successfully. It must be reiterated that successful satisfaction of consumer needs also means profit opportunities for international marketers. In this chapter, specific aspects of international market segments are explored, and the basis for the segmentation process is examined. It is clearly emphasized here that international markets must be segmented on the basis of consumer behavior (Samli et al. 1984).

Where Is the Conventional Wisdom Now?

If one studies Exhibit 11.1 carefully, one would realize that the early attempt to segment that market, which is called conventional wisdom here, has been not very effective.

First of all, early attempts assumed heterogeneity existing only between countries. As I articulated in my earlier book (Samli 1995), northern Italy and southern France are likely to be more homogenous than heterogeneous. Similarly, unconventional wisdom would observe the fact that there are many segments and emerging niche markets all over the world; although they may be located in different countries, they may have similar needs or demands. International soccer fans, international yogurt lovers, or modern music fans are all in this kind of situation. There are pockets of consumers that belong to these groups in many different countries.

Conventional wisdom mainly assumes homogeneity within any country, which is very critical especially in this day and age when parts of countries are known to be quite different from each other. It is a known fact, for instance, that Chinese society has much richer groups of people near the major ports or airports. Historically, the assumption of homogeneity within the country was quite reasonable, particularly during the era when international markets were assessed only on the basis of the level of economic development. Similarly, in earlier days it was argued that the remainder of a society, particularly those without means, did not buy much of anything anyway. However, current conditions and modern ways of thinking would emphasize the opposite. The era of assuming nation and market are identical is over, and international marketing must realize that market segments within

Exhibit 11.1 The contrast between conventional and unconventional wisdom

| Conventional wisdom in segmentation | Unconventional wisdom in segmentation |
|---|--|
| 1. It assumes heterogeneity between countries | 1. It assumes the emergence of niche markets that transcend national boundaries |
| 2. It assumes homogeneity within any given country | 2. It dwells upon the differences that exist within countries |
| 3. It is based on macro-criteria of segmentation (i.e., geopolitical, socio-economics, demographic, cultural, etc.) | 3. It is based on “hybrid” or modern criteria of segmentation based on consumer behavior peculiarities |
| 4. Heavy cultural focus only at macro-level | 4. Emphasizing differences in behavior and values based consumption at the micro-level |
| 5. Methods of segmentation are based on clustering nation-markets | 5. Methods of segmentation are based on grouping or clustering micro-markets within a country or between countries |
| 6. Micro- or within-the-country segments are given secondary priority | 6. Micro-segments based on consumer behavior are major points of emphasis |
| 7. Country-wide market considerations are of primary emphasis | 7. Country-wide market considerations are not very important |
| 8. Major emphasis is on similarities | 8. Major emphasis is on differences |
| 9. Social media are used to determine national macro-characteristics | 9. Social media are used to determine the key characteristics of local emerging niches |

Source: Adapted and revised from Hassan and Samli (1994) and Samli (1995)

countries vary significantly and that all of these segments have potential for some products and services. It is simply critical to match segments and products and services.

As was indicated earlier, international marketing knowledge was not as sophisticated before as it is now. Then the tendency was, generally, to use certain macro-criteria for segmentation, which by today’s standards is not as valuable, since that orientation does not lead to understanding or attempting to identify and work with the qualitative and quantitative characteristics of market segments (Hassan and Samli 1994). Even today, some economists undertake certain research efforts that deal with macro-segmentation dealing primarily with cluster analysis to examine demand for certain products or services with multinational orientation. One such study, by using a preference system, attempted to determine demand for retiree housing in one or more countries (Gibler and Taltavull 2010). Another study measured organic food consumption in Europe (De Maya et al. 2011). But in such and in a number of other studies, no attempt was made to differentiate the varying tastes, purchase behaviors, or the intensities of interests in the products or the brands. Exhibit 11.1 item 5 indicates such conventional wisdom. This author’s contention is not that these macro-criteria and macro-orientation, such as clustering, have no value but rather that they are not quite sufficient to understand the qualitative and quantitative aspects of international market segments. In such cases, more hybrid or unusual criteria for segmentation may be used for better results (Samli 1995).

Even though culture, as opposed to economic criteria only, has been used in the past for international segmentation, all these attempts have been primarily at macro-level. Such orientation has brought about generalizations that are not functional for effective marketing that benefits both the buyer and the seller.

Unconventional wisdom, which goes against the early attempts to segment, would emphasize differences and commonalities in values, consumption patterns, and attitudes toward products, brands, and countries of origin, among other behavior-related concepts. These differences would indicate how segments would differ from each other. Similarities include how big the segments are and how they behave. Again, unconventional wisdom depends on this orientation, as indicated in Exhibit 11.1. The exhibit, in general, advocates that—unlike the conventional wisdom, which emphasized nation-markets and clustered them to create international segments—Kale and Sudharshan (1987), Hassan and Samli (1994), and Samli (1995) suggested that international segmentation should be based on groupings of micro-segments both within a country or among countries or on emphasizing uniqueness of certain micro-segments both domestic and international. As seen in Exhibit 11.1, conventional wisdom not only clustered nation-markets but also put much less emphasis on micro-segments. On the other hand, current international segmentation wisdom emphasizes just the opposite. On this particular point, Exhibit 11.1 illustrates that micro-segments that are based on peculiarities and preferences of local consumers' behavior are the focal points of emphasis. This orientation takes away country-wide market segmentation as the critical focus. Perhaps the final point in contrasting conventional wisdom and modern segmentation orientation is related to differences versus similarities. Traditional thinking has been in the direction of segmenting world markets based on similarities. Many authors tried to identify the similarities among world markets, particularly the markets of developed countries and less developed countries (Nwachukwu and Dant 1990). However, the critical factor that needs to be paid attention to is the differences. The more the differences are understood by identifying the specifics of needs and behaviors in particular parts of world markets, the more international markets will succeed in creating consumer values. After all, the nuances among the market comparisons are the idiosyncrasies of these markets, and catering to these special needs will enable international marketing to be very successful.

The Social Media Influences

The very last point in Exhibit 11.1 is social media. In recent years, with the remarkable development of information technology, a totally new concept is not only emerging but actually modifying international segmentation.

In Chap. 8, vertical and horizontal networks in different cultures are touched upon. Furthermore, social contagion is discussed as a means of consumer-to-consumer communication. Whether it is already established as cultural networks discussed in

Exhibit 11.2 Different segmentation orientations

| | Traditional | Modern |
|-------|--|--|
| Macro | Level of economic development Demographics | Maslow’s hierarchy based segmentation Global scan |
| Micro | Basic income distribution Related micro consumption | Consumption patterns Brand loyalties Network memberships Social media use |

Source: Adapted and revised from Samli (1995)

Chap. 8 such as wa, inhwa, and quanxi, or as a result of social contagion, certain groups, named as brand communities, are emerging, and all of them can function as international market segments. Brand communities are still reasonably unknown, but according to denBulte (2011), if people are using consumption as a means of building and maintaining social identity, brand communities leading to brand cultures may emerge. These are all potentially market segments. However, these networks and communities are very new developments, and generally accepted theories as to how to utilize them as part of international marketing strategies are not established particularly in the case of introducing new products to a brand community.

Some New Ideas in International Segmentation

While conventional wisdom is emphasized much of the time, certain macro-criteria for segmentation purposes, both at macro- and micro-levels, are not very functional in today’s more sophisticated markets. Exhibit 11.2 makes a distinction between traditional and more modern approaches. Unconventional wisdom emphasizes that in modern markets both similarities and differences, all in values, consumption patterns, and attitudes, need to be considered in detail and in a more sensitive manner, so that segmentation can help satisfy consumer needs and wants better and of course also generate revenue for the marketing practitioners.

As early as 1987, Kale and Sudharshan, and subsequently in 1994 Hassan and Samli, suggested that international segmentation must be primarily based on grouping micro-markets within as well as between countries, all based on consumer behavior. Once again, conventional wisdom not only clustered nation markets but also did not put enough emphasis on micro-segmentation. Furthermore, it went in the direction of identifying similarities among world markets and clustering them (Nwachukwu and Dant 1990).

The critical factors emphasizing key differences were previously somewhat deemphasized, but today the thinking is much more in the direction of paying attention to even minor differences between and among markets. It is the idiosyncrasies that exist in these markets that needs to be identified and catered to.

Early Indicators of Understanding Market Idiosyncrasies

Backer Spielvogel Bates (BSB) Worldwide, Inc. was perhaps among the earliest groups applying lifestyle concepts to segment markets across 18 countries. Their lifestyle segmentation research was coined *Global Scan*. More specifically, it was based on measuring and analyzing consumer activities, interactions, opinions, values, product usage, and behavior (Backer Spielvogel Bates 1991). *Global Scan*, which was based on 18 countries, came up with five major segments which could have been used by international marketing practitioners. These five were:

1. Strivers (24 % of the total population). These were young people with an average age of 31 years. These groups of people have busy schedules and challenging routines. They work hard to attain success in the future. They have constant stress and time pressures. They have young families. They demand most up-to-date products.
2. Achievers (20 %). This group was quite similar to U.S. baby boomers. They were upscale, professional, and managerial. They had already achieved what the first group was trying to achieve. They believed in health, nutrition, and fitness. They insisted on quality and sophisticated products.
3. Pressured (16 %). This group was primarily composed of women. They experienced trying conditions as they fulfilled their role as women, they faced problems from economic conditions, from broken families, from aging, and the like. This was not a very happy group. They emphasized nutrition and convenience products.
4. Traditional (19 %). This was the conservative group. They were not willing to accept change. They emphasized old-fashioned ways of thinking, eating, and running their lives. In this group, the man was the boss and woman stayed at home. They represented the oldest values of their respective countries or cultures.
5. Adapters (19 %). These were older consumers who adapted to modern values without rejecting their own traditional views. They tried activities and products that would enhance their quality of life.

In dealing with the European Consumer Group, Spielvogel (1989) has stated that about 36 % of the French were strivers, almost six out of ten Spanish people were strivers or achievers, and the more prosperous German population were adapters or traditionalists. He also made other types of observations, such as (p. 39): “In terms of attitudes and values, it is likely that two strivers—a Spaniard and a Frenchmen—will have more in common with each other than either one of them will have with national compatriots who are traditionalist.” It is obvious that targeting strivers in those 16 markets would be a sound strategy, which may be considered one of the approaches displayed in Exhibit 11.2. However, this macro-approach still deals with the similarities. The lower right quadrant of Exhibit 11.2 is more in the direction of key differences of segments based on more modern concepts. It must be noted that the right-hand side of Exhibit 11.2 deals with a more important behaviorist approach to international segmentation. Such an approach goes beyond the economic dimensions.

Exhibit 11.3 Some of the key segmentation criteria

| More traditional | Measurement | Examples |
|---------------------------------------|--|---|
| Economy | Level of economic development | Per capita income |
| Demography | Population characteristics | Proportions of elderly and young |
| Technology | Degree of technological advancement | The proportion of population using the Internet |
| Industrial structure | Characteristics of business organization | The number of wholesalers and retailers |
| Geographic dimension | What is the climate? | Need for heating or air conditioning |
| Political | Characteristics of central government | Legal constraints on pharmaceutical industry |
| <i>More modern</i> | | |
| Personality | General temperament of people | Tendency to obey the laws |
| Cultural characteristics | The family structure | Decision-making regarding consumption |
| Lifestyles | Food consumption habits | Tendency to eat spray foods |
| Attributes tastes and predispositions | Status symbols | Identifying with American Western heroes |
| The use of social media | The level of information technology | The usership of YouTube |

Source: Adapted and revised from Hassan and Samli (1994)

Key Segmentation Criteria

Having discussed some traditional and modern approaches to segmentation, it is critical to identify specific criteria on which segmentation could (or should) be based on. Exhibit 11.3 illustrates one such attempt. Certainly, it is not an exhaustive list, but it indicates certain major criteria. The criteria are presented in two different categories: more traditional and more modern. For each criterion, a specific measurement approach is presented, and for each criterion an example of segmentation is offered. As can be seen, more traditional criteria are more economics oriented and more macro in nature, particularly relying on similarities and clustering. The more modern criteria, on the other hand, are basically emphasizing personal and behavioral characteristics. These criteria emphasize significant differences and characteristics, along with similarities and clustering. All of the variables in both categories are self-explanatory, therefore a discussion of this exhibit is not attempted here. It must be, however, reiterated that this exhibit reflects my own thinking, with a head-start from Hassan and Samli (1994). The last point in Exhibit 11.3, however, is extremely recent and also extremely important. In different parts of this book, I have touched upon social media and how this spectacular concept is growing and how it may be used for segmentation. As discussed in Chap. 8, social media have given rise to virtual communities, but most importantly, from a marketing point of view, to brand communities. Brand communities, through their membership and participation, create a sense of loyalty in such a way that they

strongly prefer certain brands. Furthermore, higher the participation of members and longer their membership in the group strengthens this preference. The preference for certain brands is expressed in terms of repeat purchases, as well as purchases of new products under the same brand. It is also claimed that members of certain brand communities would typically reject competitors' brands (Thompson and Sinha 2008). At the writing of this book, a number of companies, such as Chrysler, Saturn, and Apple, have been using marketing resources to encourage customers to join in and participate in these communities to encourage adoption of their products. One such example is Apple's Macintosh user groups that are formed by customers. They encourage other customers to join and participate in many different Apple-related activities (Thompson and Sinha 2008). In some ways, these brand communities are market segments. The question is how brand communities interact with the consumer groups discussed earlier, such as wa, inhwa, and quanxis. I believe they are typically combined in the East (in collectivistic societies), and in the West the brand communities emerge as segments.

Brand Communities as Market Segments

Brand communities potentially offer a number of benefits to their members; here, members recruit other members who are seeking, among others, the following benefits.

Interpersonal utility

Members of social networks in the form of brand communities articulate their existing relationships with friends and family. They also make new connections with people who have the same brand preferences. The presence of personal profiles and posted messages by members create and exchange information and experiences on many issues followed by many community activities.

Brand Loyalty

It is expected that brand communities create and strengthen brand loyalty. Not for current product(s) only but also for incoming products under the same brand.

Entertainment Possibilities

Social activities such as chatting, participating in forums, and sharing social, political, and economic views with others become engaging and entertaining. Members become engaged in community activities.

Information Seeking

Particularly, consumer-to-consumer communication provides information about brands and companies. Certain specialized consumer information can be obtained from other consumers.

Incentive Seeking

Connected to the earlier point as well, incentive seeking can be described by the activities of Harley Owners Group. Typically, like many other groups, this group provides a useful venue for consumers to share brand experience and information to create incentive for those who are not informed yet (McWilliams 2000).

Convenience Seeking

Information seeking and incentive seeking connect easily to convenience seeking. If certain reliable friends or acquaintances have and would share brand experience and information, this becomes the ability to receive reliable information very conveniently.

The above six categories of brand community membership are articulated in the modern literature (Sung et al. 2010). These attractive features clearly encourage the formation of and participation in brand communities from an international marketing perspective. As stated earlier, brand communities can be considered market segments.

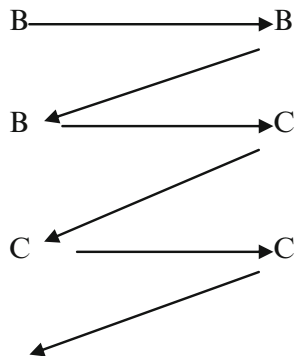
As also mentioned earlier, companies are trying to create or strengthen the existing brand communities. In order to create or connect to brand communities, we must go back to earlier discussion in this book (Chaps. 3 and 4) regarding different cultures.

Brand Communities in Different Cultures

Earlier in this book, we identified two extreme cultures, i.e., individualistic vs. collectivistic. The key assumption here is that in collectivistic cultures of the East, where there are organizations such as wa, inhwa, and quanxi, these are likely to be connected to brand communities or actually act like one. So if an international business wants to enter one of these segments and generate or participate in a brand community, it will do well by connecting with one of these organizations. In Exhibit 11.4, this is the part where the business connects to the organization. Here, the communication is initiated from business to business (B→B). That organization connects with member consumers which is B·····C. As the social

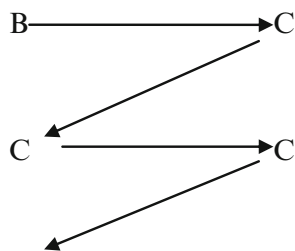
Exhibit 11.4 Brand communities in different cultures individualistic society

COLLECTIVISTIC SOCIETY



Brand Communities

INDIVIDUALISTIC SOCIETY



Brand Communities

media is making an impact, the member consumers communicate with other members and not member consumers; this creates brand communities. In the second part of the exhibit, it deals with individualistic cultures where there may not be an identifiable organization such as wa, inhwa, or quanxi. The attempt will be the company communicating with consumers directly. With the increasing role of social media, consumers are communicating with other consumers. Thus, first it is B.....C and second C.....C. The result may be the emergence of a brand community. It is rather obvious that in collectivistic cultures the international business will be selective about the organization and segment it will connect with. In individualistic societies, identifying basic characteristics of the desirable market segment becomes a major issue. As a result, proper segmenting and targeting may lead to the development of a brand community. With individualistic societies the appeal has to be directed to the individual; however, in collectivistic societies some already

existing network will be connected with effective market segmentation. The marketer needs to know much about connecting with or creating brand communities as segments. Clearly, being able to create its own market segment is a very important and desirable power display by a company, indicating a very proactive and effective marketing activity.

Strategically Equivalent Segmentation

In my earlier book, this topic was emphasized substantially. The fact that the world's political map changes much faster than the world's cultural map has given rise to the discussion of strategically equivalent segmentation, since many countries have multiple borders with other countries even when the cultural foundations between them may be quite similar. This means that in these areas of multinational connections, there are unified market segments. The previous discussion implied that a company may be facing a number of such situations. Earlier, it was advocated that in such cases choosing a segment which is strategically equivalent to others may be desirable. However, in view of tremendous advancement in global logistics, such a choice is not important. It is just important to understand that a certain part of one country and certain parts of adjacent countries may have very similar cultural backgrounds, and they may therefore be combined to make a very good market segment (Samli 1995; Kale and Sudharshan 1987).

Summary

Markets are not homogenous. They are composed of segments which are identifiable, measurable, significant, accessible, and actionable. The country-market of golden days is no longer. In this chapter, first and foremost, conventional wisdom of segmentation is discussed and unconventional wisdom in segmentation is proposed. Both in macro-attempts and in micro-attempts to segmentation, both traditional and in modern ways are considered. It is particularly emphasized that modern segmentation is more micro and is based primarily on characteristics that will differentiate one segment from other segments and other markets.

Unlike the earlier conditions in international marketing, where nation-markets were considered, as international marketers became rather more sophisticated the emphasis switched to segmentation. Perhaps the most unique aspect of this consideration is the last part, where brand communities are discussed. With the emergence of social media internationally, consumer to consumer communication became very widespread. This development, however, provided a new opportunity and a new challenge to modern international marketers to develop their own segments in the form of brand communities. This, certainly, would be a very challenging but also rather lucrative proposition. The construction of brand communities needs to be researched further.

Three Critical Points for International Marketers

1. Segmentation is a must for success in international marketing; we cannot be all things for all people.
2. An unconventional approach to segmentation must be utilized.
3. Within segments use the same marketing strategy; between segments there is a need for different marketing strategies.

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Chapter 12

International Consumer Involvement in Purchase Decisions

In Chap. 9, in addition to cognitive and affective stages, consumer adoptive behavior was shown to be a product of disposition to behave and actual behavior. The end result of actual behavior is purchasing products or services (Exhibit 9.2). In that chapter, other externalities and other internalities are introduced. As discussed in Chap. 9, among other external factors are country of origin and country of production cues. These are important influencers on the behavior of international consumers. Similarly, other internal factors are extremely important. They basically modify the behavior patterns of the international consumer. Two other internal factors are primarily identified in this book. They are involvement and learning. This chapter deals with involvement and the following chapter emphasizes learning. For international marketing practitioners, these concepts are critical in the formulation and implementation of marketing strategies.

Involvement as a Critical Factor

As early as 1986, Vaughn suggested that in the industrialized Western countries there is a “learn-feel-do” hierarchy that is being used by typical consumers. However, Wills, Samli, and Jacobs (1991) maintained that consumers in many parts of the world, instead of “learn-feel-do” are more oriented toward “involve-do.” They argue that involvement takes the place of the learn-feel portion of the hierarchy. As consumers are involved before purchase, they are inclined to substitute learning and feeling with involvement, meaning that they are more readily influenced by the cognition generated by involvement. In many third world countries, incomes are rather low; as a result, most purchases are quite important (Nwachukwu and Dant 1990). When money is limited, all purchases are critical because they take large chunks of limited resources, but beyond that, most purchases are expensive, ego-related, and high-risk from an individual consumer’s perspective. Early on it was maintained that in these countries, commitment to specific brands is relatively low (Traylor 1981). This instigates more of a tendency

toward involvement. This situation was explained further as occurring when discretionary buying power is limited, and thus all purchases become a factor in generating more consumer concerns, which influence consumers' behavior. Thus, for different reasons, and with the varying impact of different factors, consumer involvement in the international arena has been and is critical (Samli 1995). But, as is presented in introduction of this book, the modern global consumer, in both industrialized and emerging countries, has more product choices, is a little wealthier, is better educated, and has become more brand conscious. As a result, consumers are even more concerned about the environmental and social impact of products (Auger et al. 2010). However, in emerging countries, consumers are still more serious about seeing, trying, and feeling the product, hence they are more involved in cognitive aspects. As such, the cognitive influences are based on physical aspects of the product directly. However, as discussed in the Introduction of this book, due to current trends in globalization, "many international companies have moved from the traditional multi-domestic approach in which local subsidiaries market locally developed products to the local population, to a global approach in which firms market their products on a global basis with only limited adaptation to local markets" (Kotabe and Helsen 2010; Steenkamp and Jong 2010). As discussed in the Introduction, two separate consumer cultures are emerging. First, large numbers of people around the world are opting for global products that represent images, symbols, and values originated primarily in the West (Zhou and Belk 2004). In fact, in many cases consumption of global products represents modernity and progress (Steenkamp and Jong 2010). Thus a global consumer culture is emerging (Alden et al. 2006). On the other end of the spectrum, it is argued that local cultures remain as a very powerful force which coincides with the desire to maintain local culture (Crane 2002). When there is a switch from local to global products, there is a major switch in involvement. Obviously, many global products are available only by name, whereas local products are available physically. Thus other factors enter into the involvement picture, such as advertising or social media promotion.

The Concept of Involvement

As indicated already, the concept of involvement is very critical for the international marketer. If, in a certain market, certain product groups are required to be physically present, such a need or desire cannot be substituted by promotional efforts. In emerging countries particularly, consumers may not even believe advertisements or other promotional efforts; they need to evaluate the product by physical evidence. As early as 1983, Mittal described involvement as a motivational state of mind as a response to an object or activity (Block 1981). Further, Park and Mittal defined involvement as a goal-directed arousal capacity (1985). Samli (1995) stated that involvement is a powerful force, based on the perceived value (or importance) of a product or service, which manifests itself by displayed interest

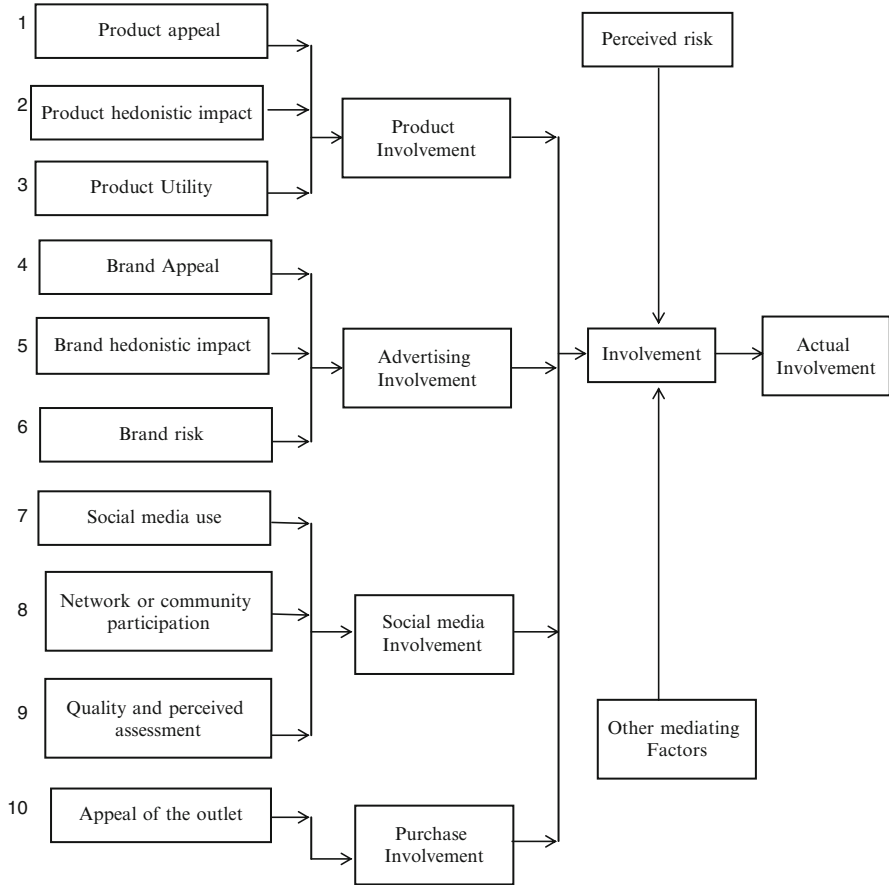


Exhibit 12.1 Consumer involvement in purchase decision

toward that product or service. In order to understand the concept of involvement, it is critical to separate its causes from its forms. Exhibit 12.1 deals with these issues.

As can be seen in Exhibit 12.1, in this book we discuss four different types of involvement. These are product involvement, advertising involvement, social media involvement, and purchase involvement.

Product involvement: this particular involvement has at least three forces impacting the consumer. These are (1) product appeal, (2) product hedonistic impact, and (3) product utility.

1. **Product appeal** deals with the possession. Possession has symbolic value to the individual (Mittal and Lee 1989). This symbolic value may be very high in some societies and not so high in others (Samli 1995). For instance, at the writing of this book Air Jordan basketball shoes were introduced. People were waiting for them in thousands. This indicates the strength of product appeal.

Naturally, such appeal would vary not only from market to market but also within sub-markets. It is the ownership that makes the individual express himself or herself. Similarly, in some parts of the world, the most up-to-date fashions are very important among young adults. In other areas, electronic gadgets such as iPhone, iPad, or iPod are almost critical. Thus, products have different appeals. It is maintained here that the stronger the appeal, the stronger the involvement.

2. **Product hedonistic impact.** All products and services provide some type of pleasure to consumers (Mittal and Lee 1989). This pleasure in some cases and in some parts of the world may reach unreasonable levels. Vodka, for instance, in some parts of the world has an extremely hedonistic impact. Russians are attached to vodka and the French are attached to wine in that manner. Similarly, one might mention, say, gambling in some parts of the world being a critical activity. It may be posited that the higher the product's hedonistic impact, the greater the level of involvement (Richard and Olson 1988).
3. **Product utility.** All products or services provide benefits that are perceived by consumers. These benefits are derived from the use of the product by those consumers. The perceived benefits not only vary from one culture to another but also vary from one product-service group to another product-service group. The benefits of deodorants or mouth washes are most likely to be higher in the United States than most other countries of the world. This perceived product utility is also closely related to some degree of involvement. Almost by definition, if the perceived benefits are higher, then the chances for involvement are also higher.
4. **Brand appeal.** The particular brand chosen by the consumer is often seen to possess some symbolic value. The choice of brand by an individual is self-expression. Such self-expressions, however, vary from one country to another. Clearly they also are different in one or another product group. In some countries, such as Japan, consumer brand loyalties are rather strong (Fields 1989; Samli 1995). High levels of brand loyalty may reduce the involvement activity since loyal consumers know what they are getting. High level of brand loyalty creates a reduced level of perceived risk. In other situations, however, the product or the problem to be solved is complex. The involvement level of the consumer is quite likely to be increased (Business Week 1982).
5. **Brand hedonistic impact.** Some brands may give a perception of providing pleasurable effects (Mittal and Lee 1989; Samli 1995). Ger 1992 pointed out that there are over-privileged individuals in many societies who are likely to receive hedonistic benefits from certain products and certain brands. In short, they may be overindulging themselves in the consumption or use of certain products and brands (Engel and Blackwell 1982; Greenwald and Leavitt 1984).
6. **Brand risk.** Selection of one brand over others is based on perceived risk. Particularly in less developed countries, where incomes are limited, perceived risk may be higher. In such cases the level of involvement also will be higher. However, in some cultures, as discussed in Chap. 5, risk perception varies

based on the cultural background. If the perceived risks are higher, again, the level of involvement is also likely to be higher.

7. Social media use. All the modern social media equipment is becoming more and more available around the world. Social media may be critical in at least two different ways. First, consumers may receive information about products from somewhat reliable friends or other social media users. Second, social media may reduce the need for actual physical product involvement, since there is sufficient information to purchase a certain product.
8. Network or brand community participation is perhaps the most recent and a very strong development. Based on the information received and the perceived reliability, the consumer may initiate or modify the involvement process.
9. Based on basic general knowledge and an attitude toward the purchase process, the individual consumer decides what and how much involvement is needed.
10. The purchase outlet may be a decisive factor in the degree or the nature of involvement. The consumer may rely totally on the people at the outlet and avoid physically inspecting the product, or the people of the outlet may encourage the consumer to be physically involved in trying or inspecting the product.

Exhibit 12.1 presents the details of four types of involvement. The discussion here deals with ten different factors of involvement. Although each factor is discussed as the separate force that creates a certain degree of involvement, recent streams of literature suggest that involvement is a combination of many factors, plays a very important role in the purchase decision, and is a complex process (Kapferer and Laurent 1986; Pucely et al. 1988; Kim et al. 2009).

A Comprehensive Model

Exhibit 12.2 presents a comprehensive picture of involvement. Some researchers maintain that there is first a pre-involvement stage (Michaelidou and Dibb 2008). Based on our discussions in Chaps. 4 and 5, all the cognitive and affective influences are in effect at this stage. As Exhibit 12.2 illustrates, three separate forces play an important role at this stage of behavior. Social media, always present in this day and age, are likely to have a strong impact throughout the pre- and post-involvement stages. Certainly if the consumer is considering an important purchase, such as a car or a computer, there is likely to be a greater role for the pre-involvement process. Here, both the level of motivation as well as the type of purchase counts heavily.

The involvement stage, as depicted in Exhibit 12.2, has three key aspects: enduring, situational, and response (Michaelidou and Dibb 2008). The enduring involvement is based on ego involvement (Zaichkowsky 1994), which deals with the intensity of an attitude. From this perspective, it can be claimed that it is very similar to pre-involvement. However, this is a continuing activity, which may be considered similar to brand loyalty. Enduring involvement in some ways is a

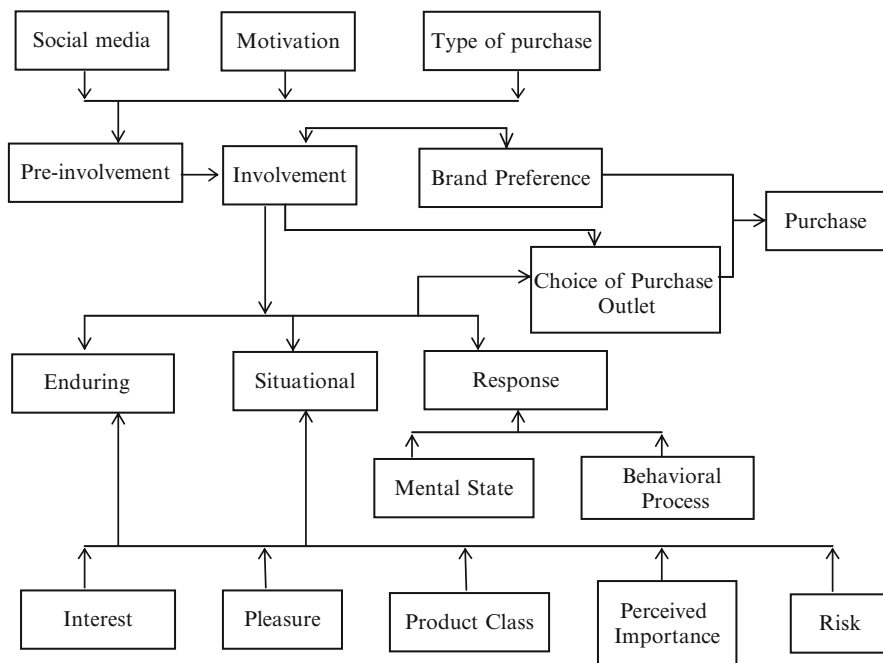


Exhibit 12.2 A comprehensive model of involvement

continuation of brand loyalty. It can be modified by about five factors. In Exhibit 12.2, these modifying factors are illustrated. These are interest, pleasure, product class, perceived importance, and risk (Kapferer and Laurent 1986). The degree of interest in the product in question is also a contributor. This feeling could be related to the reward of using a product, which is a hedonic influence. These two factors have different degrees of impact on different product classes or categories, such as durable goods versus non-durable goods. Perceived importance is related to the general product category-related risk, and the risk category is identified as the potential for making a mis-purchase (Kapferer and Laurent 1986).

In the case of situational involvement, the same modifying variables apply as in enduring involvement, except this stage of involvement is rather temporary and is based on personal meaning or importance. Finally, response involvement refers to behavioral orientation based on information acquisition and decision processes. It reflects the consumers' mental state and actual behavioral process (Michaelidou and Dibb 2008).

As seen in Exhibit 12.2, both pre-involvement and involvement lead in the direction of brand preference. One final aspect of involvement is the outlet where the product is likely to be acquired. In some cultures, the store and the storekeeper play a more important role in the overall involvement process role than almost all other behavior modifiers.

As can be seen, there will be no purchase without some type of involvement. In addition to the psychological and behavioral factors, cultural background and economic conditions also enter into the already very complex picture.

Cultural Aspects of Involvement

Having discussed the psychological and behavioral aspects of involvement, it is necessary to raise the question: does culture play a critical role in involvement? For various reasons, different cultures cause higher or lower levels of involvement. While limited disposable income may cause increased perceived risks, certain products among the well-to-do in some cultures may also have special attraction in stimulating involvement. Similarly, there are counteracting factors in some cultures that would somewhat reduce the tendency to involvement.

In more traditional cultures or cultures that may be categorized as collectivistic, opinion leaders' or family elders' advice would easily reduce the necessary or deemed levels of involvement in the overall product purchase activity. On the other hand, consumers in more individualistic societies may be influenced by mass media through the cognitive process. Depending upon the product categorization and the information perceived, consumers may have increased or decreased levels of involvement. With the increased complexity of certain products in these societies, where individuals are responsible solving their own problems by relying on information they receive, the levels of involvement almost by definition increase. Certainly in recent times individuals buying, say, computers do not make decisions on the basis of hearsay. They are likely to be involved in the product evaluation on the basis of personal needs. Additionally, as was discussed in Chap. 6, one of Hofstede's cultural features, namely uncertainty avoidance, plays a role here. Part of uncertainty avoidance is that when it comes to a new or personally important product, involvement becomes a standard practice. Individuals try the product before purchase to avoid uncertainty.

As opposed to products that require extensive problem-solving and are very complex, which automatically intensify involvement, those products that are purchased routinely may require less and less involvement.

As early as 1990 Samli, Wilkinson, and Mutschellar introduced a product classification which seems to make sense even now. They classified products into four categories: (1) purely parochial, (2) purely global, (3) selectively parochial, and (4) selectively global. This classification can be related to the analysis presented in the Introduction of this book. As was stated, two major cultures are emerging: global versus local or traditional. Local cultures would take what is called here purely parochial or selectively parochial products. The global culture would emphasize purely global or selectively global products. A discussion of this product categorization is as follows.

Purely Parochial

As has been discussed throughout this book, world markets are not homogenous. Also, it has been maintained throughout our discussion thus far that culture formulates or modifies consumer lifestyle and behavior patterns. Thus, markets develop idiosyncrasies. These idiosyncrasies can dictate unique products or services which we called here parochial. Native traditional apparel styles in almost all parts of the world are basically totally or purely parochial. They are localized and marketed accordingly. Similarly, many ethnic and religious products, such as gift items and crafts, are purely parochial products and are treated accordingly.

Purely Global

Some products are originally designed and developed to be global while others in time have gained global acceptance. Both groups are marketed in the same standardized way to diverse segments of the world.

Selectively Parochial

Some products have basic appeals in different markets, even though they may be purely parochial originally. For different reasons, say, American “blue jeans” may be sold as rugged utility trousers or as casual comfort wear. But, in some markets, they may be high-status fashion wear. Obviously, the idiosyncrasies of different markets play a critical role here. Carnation’s evaporated milk product can perhaps be considered as a unique example. In England it was used as a cake or fruit topping, in Germany as a coffee creamer, in Australia for making homemade ice cream, and in Mexico as a baby food. Obviously, in these markets the product was marketed according to its basic use. This called for different marketing orientation (Samli 1995).

Selectively Global

Certain products may be carefully adjusted to local needs and sold in select local markets. Their marketing is basically standardized the way they are sold in global markets. Certain medicines, after having been localized in terms of name, description, and perhaps doses, are sold in a global manner in all local markets.

Exhibit 12.2 illustrates another version of Maslow’s hierarchy of needs, Exhibit 12.3. The needs are roughly associated to the above categorization of products.

Exhibit 12.3 An international hierarchy of needs

| Maslow’s hierarchy | Product categorization |
|---------------------|---|
| Meta needs | Selectively global or purely parochial products |
| Ego needs | Mostly purely parochial |
| Belongingness needs | Selectively parochial products |
| Security needs | Selectively global products |
| Physiological needs | Purely global or selectively global products |

With the current developments discussed in the Introduction of this book, local cultures are more inclined to go for more parochial products, and global cultures are likely to go for global products. But, obviously, both groups are somewhat open to some variations of purely global and purely parochial-need-related products. These variations would modify general involvement activity.

Thus far we have discussed involvement, a physical-attitudinal process. It is further modified by a very broad product categorization. By the same token, the process is also modified by the brand as indicated in Exhibit 12.2. The same brand does not have the same impact in all markets. For instance, in the U.S., it is quite possible that in one town Volvos are very popular whereas in another town BMWs may be considered as the best automobiles. The more desirable the brand, the greater the level of involvement. Thus, it is important to understand how different brands are perceived in different markets or cultures. Understanding the position of a particular brand would enable the international marketer to make an effort to maintain the same position or try to manipulate the image of the brand to position the product in question differently in the market. Toyota or Kia as examples is spending large sums of money to position their products in a desirable way through manipulating their brand image.

The Role of Advertising and Social Media

How should high-and-low involvement products, especially in this day and age of social media, be promoted? Would this promotional activity be different in different cultures? First and foremost, information availability has increased consumer awareness alternative availability and ability to make better purchase decisions (Clemons 2008). It has been posited that low-involvement products may be promoted through more emotional appeals while high involvement products promoted through more rational appeals (Samli 1995; Wills et al. 1991). But with today’s social media, today’s consumer is strongly influenced by others’ opinions. Thus, there is an important dichotomy that is emerging. Consumers are learning from others’ opinions or others’ actions, but which is more important for the international marketer (Chen et al. 2011)?

It is possible to maintain that with increasing information through mass media and social media, there may be a reduction in physical or product involvement in

favor of advertising or information involvement. However, some serious questions arise for international marketers.

First, it is critical to determine if mass media or social media is more effective in providing information to prospective customers. Second, is the information imparted motivated further physical or product involvement or replace physical or product involvement with social media or advertising involvement?

Third, what are the specific trends in these increasing or changing impacts?

Finally, fourth is the consideration of whether the mass media or social media advertising would reduce the willingness in third world country markets regarding the direct product or purchase outlet involvement. These are very critical future research areas.

Many years ago (Samli 1995), I wrote that where and when incomes are low, most purchases are relatively important, expensive, ego-related, and high-risk. In such situations, brand commitment is typically relatively low, and consumer information is rather scarce; as a result, consumer involvement is important. In these cases, high-context communication such as interpersonal communication with the storekeeper and opinion ladders is more important than low-context communication, which involves advertising. Thus, physical involvement with the product and involvement with purchase outlet are still more critical in many parts of the third world. I still believe much of this is in effect.

Involvement and Familiarity

As early as 1990, Okechuku maintained that involvement directly impacts message recall if there is familiarity. In other words, involvement causes familiarity which makes advertising messages easier to recall. This implies that the international marketer may somehow try to improve or increase involvement for better results. But as I maintained earlier (Samli 1995), the relationship between familiarity and involvement is not very well known or explained. This is because these two concepts reinforce each other. Just under what circumstances? And how much reinforcement? Are there critical questions that still need to be explored?

Although it has been maintained that familiarity is more of a latent state (Okechuku 1990), I treat familiarity as one of the other mediating factors (Samli et al. 1993). It becomes more powerful if the society is rather traditional. In such societies, familiarity is a major force in creating and maintaining product or brand loyalty (Mitchell 1979).

Exhibit 12.4 makes a presentation of possible interaction situations between familiarity and involvement. As can be observed, the upper left quadrant indicates the situation where the individual owns a high-tech piece of equipment and it is being considered to be updated. Clearly, the owner is very familiar with the product and it is quite likely that there is a high level of involvement. The lower left quadrant indicates the situation where the purchase can be routinized, i.e., on-line shopping or catalog shopping as long as familiarity is high.

Exhibit 12.4 The relationship between familiarity and involvement

| | | Familiarity | |
|-------------|------|--|--|
| | | High | Low |
| Involvement | High | High familiarity High involvement Trying a new advanced version of the computer owned | Low familiarity High involvement The first purchase of an iPhone |
| | Low | High familiarity Low involvement Routine purchase of a standard product such as toothpaste | Low familiarity Low involvement Purchasing a well-known and heavily advertised product such as a dishwashing detergent |

Source: Adapted and revised from Samli (1995)

The upper right quadrant presents a different situation. In this case familiarity is low. This situation is rather common, under circumstances where a new high-tech product is introduced and consumers, or users, know very little about it. Perhaps, the most difficult scenario for the international marketer is when the product familiarity is very low and so is the involvement. For certain, commonly known and heavily advertised branded products are typically in this category. But, if a new product is introduced under the same conditions, familiarity through advertising is likely to play the major role in getting that product accepted by the market. These four key conditions, obviously, have variations. The international marketer will have to decide what aspect of the marketing strategy will place the product in the proper quadrant and what needs to be done further to create market acceptance.

Enter Perceived Risk

As discussed in Chap. 5, Hofstede (1983) mentioned that the risk perception is a key cultural dimension. It instills into the individual the risk factor which needs to be dealt with. In some cultures, therefore, there may be less feeling of security. In such cases, there may be a stronger effort on the part of the international marketer to provide a feeling of security or a feeling of risk avoidance. Introduction of a product and overall promotional activities must play a critical role in that direction. The perceived risk factor, existing in that culture, must be taken into consideration for success in the market. In individualistic societies, cognitive learning of facts leading to familiarity may reduce the perceived risk; they may take more serious level of involvement than what may be typical. In more collectivistic cultures, opinion leaders' ideas or the group's preferences, along with family elders, are very influential. Affective learning or more emotional and cultural influences may either reduce or increase the perceived risk. Perceived risk, therefore, needs to be managed more carefully in a given market. The marketing decision-maker must be able

to deal with this issue specifically. After all, perceived risk is a modifier which may further stimulate or deter the individuals' purchase plans. In general, more direct involvement may reduce the perceived risk before the purchase.

An additional group of modifiers or mediating factors, of course, as discussed in Chap. 7, are the hierarchy of needs and income levels. It may be hypothesized that the higher the need in the hierarchy, the higher the tendency toward involvement. The opposite may be true for the income level. The higher the income level, the more selective is involvement. Individuals with higher income may not feel the perceived risk as strongly as lower income counterparts. Hence, they are likely to be involved in purchase decisions relating to greater familiarity and brand hedonistic impact, as displayed in Exhibit 12.1.

In my earlier book (Samli 1995), I have discussed felt involvement, which was articulated by some authors (Amine 1993). It was considered to be a psychological substitute for the physical activity of involvement. As a result, involvement was described in two categories: psychological and behavioral. Psychological involvement was implied to be involvement in pre-purchase activities before the actual involvement. This was assumed to be particularly prevalent in low-context industrial cultures, where cognitive information from broadcast and print media is rather extensive, and felt involvement or psychological aspects of involvement may become critical. In the low-context or individualistic cultures where individuals feel the pressures of making a purchase decision on their own, felt involvement was claimed to be very powerful. At the same time, it was also claimed that in more traditional or collectivistic societies where affective learning, particularly based on interpersonal relationships is more widespread, psychological or felt involvement is not nearly as important as it is in low-context cultures (Samli 1995).

Regardless of the type of culture, felt involvement is not likely to be as important as was perceived a couple of decades ago. This is because, as is discussed at the beginning of this chapter, pre-involvement and involvement discussions include felt involvement. I believe the felt involvement concept is, today, a historical concept and does not play a major role in international purchase behavior. It is replaced by pre-involvement primarily in both of the cultural patterns, i.e., individualistic and collectivistic.

Summary

Consumer involvement is an important and complicated topic in studying international purchase behavior. This chapter attempted to explore this concept in some detail. First, some ten variables are identified as the pre-cursors of pre-involvement and involvement stages. Then, realizing that these ten variables can interplay simultaneously, a comprehensive model of involvement is presented. The model did not consider all ten variables in detail and did not attach weights for each in relating to the final purchase behavior.

Connecting our discussion to the Introduction of this book, products are categorized as global and selectively global as well as parochial or selectively parochial, dealing with the emerging traditional or local cultures. All of these are somewhat connected to the demand generated by the Maslow's hierarchy.

Finally, it is maintained in this chapter that involvement and familiarity have a strong relationship. This relationship is discussed in terms of four different degrees of familiarity and involvement relationships.

Three Critical Points for International Marketers

1. Consumer involvement in purchase decisions must be expected to play a critical role.
2. Choice of purchase outlets can be very critical in some markets.
3. High familiarity and high-level involvement are critical to international success.

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Chapter 13

International Consumer Learning Is Different in Different Cultures

In Chap. 12, a very strong point was made about consumer involvement. This particular force must be joined with the learning process. After all, if consumers are not learning about the company, the brand, and the product (or series), they are not likely to buy whatever the international company is offering. Both involvement and learning are the key final stages of purchase behavior. The two factors, or forces as I referred to them in my earlier book (Samli 1995), basically form the final phase of purchase behavior. All of the other factors, discussed in this book, i.e., culture screen, need hierarchy, social class, personal and interpersonal influences, diffusion processes, and country-of-origin effects—among a few others—typically make their mark in building the purchase behavior. They are partial builders and partial modifiers. They condition the individual to perform the all-important final purchase act. This purchase act is sealed, however, only when the individual becomes involved and learns. Involvement is already discussed in Chap. 12; the present chapter deals with the final act of total purchasing behavior, which is learning. As is discussed in this chapter, this activity must be carefully explored, since learning is different in different cultures to begin with. However, purchase-leading learning has even more different and important connotations. International marketing cannot be successful without understanding how the consumer is likely to learn about the product or service in question.

Learning Is Different in Different International Markets

As early as 1991, Wills, Samli, and Jacobs stated that the current level of knowledge about a specific product or service directly influences the reception and processing of new information about the product in question. By definition, the level of information, therefore, can influence product choice (Johnson and Russo 1984; Samli 1995). Much earlier, Wasson (1975) established that if the product fits into the ongoing life style of the consumer and is considered to be of high value, little or no additional learning is likely to be required. However, the opposite must

always be considered: that is, if the product is likely to require some adjustment in the consumer's prevailing life style and the consumption system is in a state of transition, then a substantial amount of learning is likely to be required (Wills et al. 1991; Samli 1995). Thus, I have analyzed consumer's approaches to products and categorized them as fast learning or slow learning (Wasson 1975; Gossler 1987; Samli 1995). Further, Gossler (1987) connected learning to the rates of adoption. As mentioned in the previous chapter, Amine (1993) maintained that learning must be preceded by involvement. Samli, Wills, and Jacobs (1993) reiterated that learning and involvement go hand-in-hand (Needham et al. 1985; Hosch and Ha 1986).

Similar to the categories of fast- and slow-learning products, Samli (1995) established that there are fast- and slow-learning cultures. As was discussed in Chap. 9, part of the global diffusion process indicates that just such categories exist. The question that may be raised is that of just how fast- and slow-learning products are related to fast- and slow-learning cultures.

At this point, it must be reiterated that the reality of fast- and slow-learning culture categories is supported indirectly by current literature at the writing of this book (Cunha and Laran 2009; Lakshmanan and Krishnan 2011).

In an important article, Holtbrugge and Mohr (2010) discussed the relationship between cultural values and learning style preferences. They relied on Hofstede's (2001) five cultural categorizations, as discussed in Chaps. 3 and 4 of this book. They connected these cultural characteristics to four learning style dimensions. Although this is a powerful model, I believe that a nominal difference related to the five Hofstede dimensions of culture does not provide a functional picture for international marketing. As is discussed in Chaps. 3 and 4, I believe the dichotomy of individualistic versus collectivistic culture orientation would provide a more functional analysis for international marketing. With the individualistic collectivistic dichotomy, it is readily possible to connect learning through cognitive or affective influences. On this basis, Exhibits 13.2 and 13.3 are constructed. As has been maintained in this book, cognitive learning is more prevalent in industrialized countries, and affective learning is more readily observed in emerging countries. Based on these assertions, Exhibits 13.2 and 13.3 are developed.

Exhibit 13.2 emphasizes cognitive learning. As can be seen, four cognitive learning situations are identified. They are somewhat interconnected, and their essence is discussed in Chap. 12. The critical point here, of course, is that cognitive learning is generated by sense data. Whether it is at the point of purchase or by learning from experiences in general, if and when the sense data are generated, cognitive learning takes place. Of course it is modified on the basis of Hofstede's (2001) five culture classifications. Each culture adds or deletes something from the cognitive learning experience.

Similarly, Exhibit 13.3 dwells upon affective learning. Here, learning from promotions regarding country of origin or country of production, as well as traditional brand loyalty conditions, without direct involvement or experiences, consumers learn almost totally based on hearsay. Learning from storekeepers and learning from networks are discussed in Chaps. 12 and 8, respectively. Social media

learning can easily be cognitive or affective, depending on the nature of the message.

It is clear that the international marketer must know how people learn in their target markets. Once this area is carefully explored, the marketing practitioner will follow this knowledge path with some accelerated effort. It must also be reiterated that there is no perfect cognitive or affective learning; it is simply a matter of degree. One or the other is more prevalent in a given situation. It must also be reiterated that the alternatives offered in Exhibits 13.2 and 13.3 do not have the same level of impact or intensity in terms of influencing the consumer. Thus, it is clear that much needs to be explored by international marketing practitioners.

Enter the Learning Styles

Although Holtbrugge and Mohr (2010) have maintained that individual learning style preferences arise with individuals' cultural values, a few earlier studies indicate that learning style preferences are more personalized, even though cultural background does play a role.

Even though each culture has its own idiosyncrasies regarding learning, individuals in a culture display their own learning styles, which are not necessarily culture-specific (Samli 1995). The way each person absorbs and retains information may be somewhat different (Sproles and Sproles 1990; Samli 1995). Each individual may have an individual learning style, which is likely to be enduring patterned and preferred by that individual. In a 1995 study, six different learning styles are identified. These are more practical for the international marketer to utilize than the Holtbrugge and Mohr study. I believe the six different learning styles I discussed in Samli (1995) are still appropriate and manageable. These are (1) serious, (2) active, (3) observer, (4) passive, (5) detailer and (6) struggler. These are briefly described below.

1. **Serious.** The serious learning consumer searches, analyzes, and uses information systematically. This is an individualist who emphasizes cognitive learning and first-hand information. This orientation is more typically found in individualistic, industrialized societies. The learning activity in such cases is so serious that consumers learn from commercials and other mass media equally as much as they learn by using or by doing (Gabszewicz et al. 1992; Samli 1995).
2. **Active.** This is a practical person who learns from practical experiences by using the product (Gabszewicz et al. 1992). Similarly, these individuals also learn from personal experiences (Young 1991). This type of behavior is also more common in individualistic cultures, which put more emphasis on cognitive learning influences.
3. **Observer.** Although not as active as the above two types, this group of learners are still active enough to observe and deduce from results. This type of consumer is available in both individualistic and collectivistic cultures. They may not be

- directly involved with the product, but they observe those who try the product, and based on this, they formulate an opinion. Thus, first they rely on others' experiences before they try the product themselves (Sproles and Sproles 1990).
4. **Passive.** This group of learners is basically uninvolved. They absorb what they have seen or heard (Sproles and Sproles 1990). Subsequently they emphasize affective learning through interpersonal influences. Point of purchase learning is rather common among this group of learners (Plank and Plank 1990/1991). They are more commonly found in traditional societies or in collectivistic cultures.
 5. **Detailer.** This group may be described as fact-oriented learners. They emphasize the great details of a learning experience, even though the learning experience is not theirs. Thus, they learn more from others' experiences and advertising (Moschis 1991; Mazursky and Yaakov 1992; Samli 1995). Their learning experiences are more likely to be considered affective rather than cognitive. Once again, this group of learners is more readily available in collectivistic rather than individualistic cultures.
 6. **Struggler.** This group of consumers is typically uncertain about what they are learning. They consider learning to be a difficult experience. They are typically passive and not very serious about learning. Although they learn at the affective level and at the point of purchase, this group is basically in the lower levels of socioeconomic categorizations in both individualistic and collectivistic cultures.

Even though all these six learning styles may exist in all cultures, their proportions in individualistic cultures are quite different than their proportions in collectivistic cultures. In other words, all six groups have a tendency to be more or less common in different cultures. Exhibit 13.4 attempts to connect the five learning techniques that are discussed in this chapter with the six learning styles. To a nominal extent, the exhibit also connects these combinations to different cultures.

As seen in Exhibit 13.4, in addition to learning styles, which are somewhat culture-bound, we also discussed learning by using, learning from promotions, learning from experiences, learning by doing, and point-of-purchase learning. When these are combined, they provide a marketing orientation for the international marketer. Needless to say, these connections between learning techniques and learning styles need much further research. It must be reiterated that Exhibit 13.4 is not necessarily all inclusive in terms of identifying learning styles and learning techniques. There may be other styles and techniques. Even more importantly, how they connect to different cultures must be studied. The point that must be made is that more knowledge related to these issues would enhance successful marketing performance by international marketing practitioners.

Analyzing Exhibit 13.4 illustrates that learning styles and learning techniques are different in collectivistic versus individualistic cultures. As seen in the exhibit, learning by using is more common among detailers and strugglers in collectivistic cultures. There are presumably proportionately more of them in these cultures. They have too little knowledge of products, and they need direct connection with the product to gain knowledge. That translates into learning from experiences in these cultures. They may not have direct connection to the product at the initial

Exhibit 13.1 Learning related to products and culture

| | | Culture | |
|----------|---------------|--|--|
| | | Fast learning | Slow learning |
| Products | Fast learning | Fast-learning culture Fast-learning products This perhaps is the most desirable international scenario | Slow-learning culture Fast-learning products This would call for more promotion and involvement |
| | Slow learning | Fast-learning culture Slow-learning products, complicated high-tech products need to be properly marketed | Slow-learning culture Slow-learning products, greatest global challenge, the work required must be compared with long term benefits |

Source: Samli (1995)

stage, but they have become observers and passively analyzed the usefulness and functions of the products. On the basis of this process, they may become doers. At this stage, they are like their counterparts in individualistic cultures, as indicated in Exhibit 13.4. In individualistic cultures, serious and active learners emphasize using, learning from promotions, and in the case of more complex products, they learn from doing. Point of purchase learning, as can be seen, is common in both cultures.

Connecting Learning to Culture Screen

Holtbrugge and Mohr (2010) posited that learning style preferences vary on the basis of cultural values. It is maintained here that the intensity of the culture screen is more readily functioning as a modifier than the culture itself per se. Exhibit 13.5 attempts to illustrate this situation. The fact that the exhibit is only a 2×2 matrix may mean summarizing and simplifying the real world conditions. However, it must be reiterated that with all dimensions included, in essence Exhibit 13.5 in reality represents a spectrum with more than two observation points. However, the 2×2 matrix presented in Exhibit 13.5 can provide a good visual tool by simplifying and condensing.

Exhibit 13.5 illustrates four conditions. These conditions connect to Exhibit 13.1. For example, the upper left quadrant in Exhibit 13.5 may have any one of the four alternatives depicted in Exhibit 13.1. Certainly this situation complicates the matters. However, understanding how the market in question functions, at least approximately, is critical for international marketers to perform well in that market. The international marketer must at least realize that in the market under study there are too many struggling learners, which may indicate that points of purchase activity may have to be more general and also more active in influencing the consumer to counteract the culture screen.

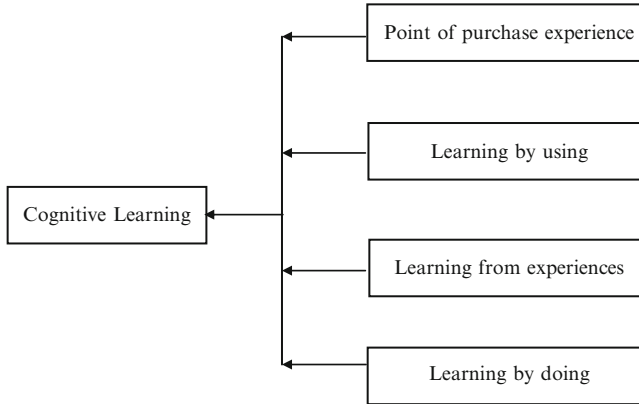


Exhibit 13.2 Cognitive learning alternatives

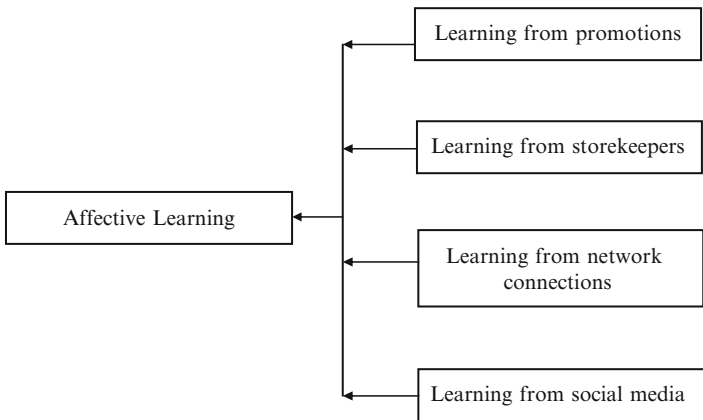


Exhibit 13.3 Affective learning alternatives

Exhibit 13.4 Connection between learning styles and learning techniques

| Learning techniques | Serious | Active | Observer | Passive | Detailer | Struggler |
|----------------------------|---------|--------|----------|---------|----------|-----------|
| Learning by using | X(1) | | | | X(C) | X(C) |
| Learning from promotions | X(1) | X(1) | | | | |
| Learning from experiences | | | X(C) | X(C) | | |
| Learning by doing | X(1) | X(1) | X(C) | | | |
| Point-of-purchase learning | X(1 C) | X(1 C) | | X(C) | X(C) | X(C1) |

Source: Adapted and revised from Samli (1995)

(1) individualistic culture, (c) collectivistic culture, (1 C) in both cultures

Exhibit 13.5 Learning styles and cultural interactions

| | Learning styles serious learner (active) | Struggling learner (passive) |
|----------------------------|--|---|
| Strong culture screen | Culture drives learning behavior. Affective influences are important | Learning tends in the direction of following instructions. Point of purchase influences are modified by affective and some cognitive learning |
| Less strong culture screen | Culture plays a lesser role. Learning by initiative, cognitive learning, and personal influences | More effort needed to reach out to the consumer. Marketing skills become very critical |

If the culture screen is not very strong, a serious learner will have to rely more on cognitive influences and resultant sense data (Exhibit 13.5, lower left quadrant). If the consumers are struggling learners, and if the culture screen is not very strong, there may be much confusion. It will be difficult if cognitive or affective influences play a more critical role (Exhibit 13.5 lower right quadrant). This indicates that the cultural pressures or traditions are not very pronounced, and the individuals have not developed strong learning styles; therefore, they are not learning quickly and effectively. The market conditions for the international marketer may be a bit too confusing. Although some degree of confusion may exist in the four cells of Exhibit 13.5, the lower right quadrant is more problematic in that sense. Specifically, this situation may prove to be a real challenge when learning is slow and the international marketer has a slow learning product. There may be a strong temptation to stay out of that market and to work in the direction of creating more affective learning in the long run. This will take careful planning for a long period of time.

Summary

Learning is the final stage in the purchase process. A case was made in this chapter for learning. Consumers, regardless who they are and where they are, must learn quite a bit about the product or service so that they will purchase and repeat their purchases. As the chapter maintains, however, learning is different in different cultures, and individualistic learning styles are also different. To complicate the situation even further, products can be classified as slow-learning and fast-learning.

First, fast-learning and slow-learning products must be distinguished. World markets also can be classified along the lines of a spectrum which goes from fast-learning cultures along with fast-learning products and slow-learning cultures along with slow-learning products.

In this chapter, learning styles varying from serious to struggling are identified. They are connected to different learning techniques. Five different learning techniques are identified in the chapter. If learning styles and learning techniques are analyzed jointly, the international marketing specialist may find a strong direction for promotional efforts of the products or services in question.

Culture screen, an earlier concept, was also brought into the picture, indicating that culture in general plays a critical role in learning.

Three Critical Points for International Marketers

1. Consumers do not learn the same way in all markets.
2. Learning styles and learning techniques must match for positive results.
3. Watch out for a culture screen when you consider consumer learning.

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Chapter 14

Marketing Strategy for Global Luxury Products

Perhaps one of the most important impacts of globalization is the global boom of luxury products during the past three decades or so. Certainly there have been a number of globally well-known and well-respected products for a long time, but they were not sought out, desired, and purchased to the extent that luxury products have been in recent years. In fact, according to some estimates, luxury products have experienced a global sales volume of over one trillion dollars in 2011. Certainly their sales volume is likely to expand globally much further. Three key reasons support this prediction. First, although not in equal proportions, the number and income of the very rich has increased everywhere in the world. Thus, there are currently many more people with much more money all over the world. These people can not only afford to buy luxury products but also in many cases they even demand them.

Secondly, worldwide communications has been expanding. As more people become aware of the existence and availability of these products, they are more likely to buy them. Luxury by definition is staying in front of luxury consumers, and hence they are stimulating consumer desires for these products (Atwal and Williams 2009).

Thirdly, unlike traditional marketing where consumers are considered as traditional decision-makers focused on the characteristics and benefits of products, a new concept of experiential marketing is emerging. This concept views consumers as emotional beings focused on achieving pleasurable experiences (Atwal and Williams 2009; Firat and Schultz 1997). Based on this orientation, as discussed in Chaps. 4 and 5 of this book, Maslow's hierarchy is likely to move to upward levels (Maslow 1969). This type of movement, by definition, would facilitate demand for many luxury brands representing many luxury products.

Just What Is Luxury?

It has been suggested that luxury is and has been associated with exclusivity, status, and quality (Vickers and Renand 2003). Early on the motivation for status seeking by impressive appearance had been identified as a primary force behind the luxury brand purchase and consumption (Vigneron and Johnson 2004). But according to some, this early motivation of status seeking was modified in the direction of individuals' seeking social representation and position. What is extending the traditional conspicuous consumption concept? Even more recently, instead of conspicuous consumption, some scholars advocated that the new luxury consumer is driven by new needs and desires for experiences (Dumoulin 2007). Thus the modern way of thinking about luxury products goes beyond the intrinsic characteristics of the product indicating status, accomplishment, and connection to more newly emerging desires of certain consumers for certain experiences, which may go in the direction of aesthetics, escape, even entertainment, and education (Pine and Gilmore 1999). This discussion brings us to the question: how should the luxury brand be marketed? Clearly, they are not merely premium priced products indicating status and power only. Hence, they have to be marketed quite differently than regular products. The following section concentrates on the elements of successful marketing strategies for this unique and expanding product category.

A Case for Super Luxuries

Based on our discussion thus far, super luxury products particularly need to be marketed quite differently than typical products of consumption. Perhaps in order to construct a marketing strategy, one may ask: just what makes a brand a global luxury brand? Furthermore, a second question would be: are there certain luxury brands that may be referred to as super luxuries? As mentioned earlier, luxury products are a special group of products enhancing both status and conspicuousness. In terms of quality, service, and cost, all products can be categorized into four groups: economy, mass-market, premium, and luxury products (Doyle 2002). But, even though a brand may be considered luxurious, not all luxury brands are considered to be equal, thus it is maintained here that there is a super luxury group which is image driven, implying that they are extremely high-quality products with superlative service support, and they are also very high priced (Sicard 2003). They have a very strong personal and hedonistic aspect. These are the features that appeal to certain groups in a society. These groups are searching for higher social stratification or for Maslow's self-actualization (Frank 2007; Veblen 1899; Maslow 1964; Dubois and Paternault 1997). In such cases, it is assumed that super luxury products are based on qualitative features, with hedonism taking precedence over functionality. One interesting example, at the writing of this book, is luxury handset maker

Vertu's product. This product on the average sells for about \$6,800. These phones are assembled by hand out of materials such as titanium and steel, have screens covered by slices of sapphire crystal. Their keys pivot on ruby bearings. It has been claimed that customers are not buying a phone, they are rather buying a piece of jewelry (Cambell 2011). Such super luxury products, in general, are of multi-sensory appeal, bordering at more than numbers. Their price is always high and owning them is a pleasure (Widemann et al. 2007).

Recession Resilience

In the midst of a deep recession, as this book is being written, super luxury brands performed well. It is quite likely that people prefer these products for the name and quality they represent. The name and quality seem to affect what Maslow called "self-actualization" (Maslow 1964). This may make super luxury products very recession-proof. Once again, this group of luxuries did not cut costs, did not change country of production, and did not come-up with cheaper models or other methods of cost cutting. Thus, it is important to examine the market position of these brands and construct a strategic marketing strategy if possible.

Developing a Marketing Strategy

There have been many attempts to establish marketing strategies. It is important, however, to view the story of Coach before a comprehensive review is undertaken. Coach is the major handbag producer of the world at the writing of this book. Its products are handmade with the most expensive materials, promoted carefully and priced high. In recent years, the company has made two major moves. First, it entered Japan with its existing global super luxury fashion and has been performing extremely well. Second, it entered China with a cheaper line, where it has been having difficulties. Some people have been suggesting that Coach should not deviate from what it has done in Japan and elsewhere and be more selective in targeting select Chinese markets (Littrel and Chan 2010).

Developing a Luxury Marketing Strategy

Marketers of super luxury products, above all, must recognize that their products cannot use general and well-established marketing practices. These products require a unique and unconventional orientation to marketing (Kapferer and Bastian 2009).

Exhibit 14.1 Elements of luxury strategy

| Elements | Implications |
|---------------------------------|--|
| Brand identity | Do not worry about brand positioning. Your product is not in the same category with other products |
| Superlativeness | Does not compete with others. It is way ahead |
| Close to perfection | Never totally perfect but gives great satisfaction |
| Offering value to the market | Do not worry about market demands, worry about giving more value |
| Do not treat clients as equals | Each individual is different and import. Do not offer the product to a group |
| Make it difficult to buy | Make customers earn the ownership. Good things in life do not come easy |
| Advertise not to sell | The image and reputation should be enhanced. Consumers must know that this is a unique product |
| Raise prices to increase demand | Prestige partially created by price. Price discounts are not useful |
| Do not commoditize | Do not even think of entering markets with cheaper products |
| Do not democratize | Do not offer line extensions by offering product lines and affordable accessories |

Source: Adapted and revised form Kapferer and Bastian (2009)

Exhibit 14.1 presents the key points of a luxury product strategy development. There are ten elements presented in this exhibit. Without proper emphasis on these points, a strategy of this kind cannot be successful. The following is a discussion of these ten critical elements of a super luxury marketing strategy.

Brand Identity

This, basically, may be considered as the most important point in this strategy: without a well-recognized brand, there cannot be a super luxury product. A brand that is well recognized and has been generating powerful equity cannot happen suddenly. Developing brand recognition is an arduous task that takes many years and very careful work to become a reality. Being unique is the most important feature of this group, as opposed to merely being preferred over some competitors (Kapferer and Bastian 2009). It must be posited that the ultimate arbiter of luxury is every individual's subjective taste. The subjective taste is based on hedonic value that is related to a super luxury brand. Keeping the perception of one brand as superlative and therefore way ahead of others is a continuing challenge. This type of brand identity challenge is basically status-laden. The marketing decision-maker must understand that it is not positioning of the brand in question, but its uniqueness and its perceived value. It must be understood that the particular product in question is not a part of a category with other group of products.

Being Superlative

This feature of the marketing strategy plan is an extension of the first item above. Based on the premise that all luxury brands are not the same, marketing managers may realize that they are not competing with other brands. Keeping one brand's perception as superlative and therefore way ahead of others is the continuation of the brand identity challenge. The question is not whether or not the brand should be status-laden, which means it contains high perceived quality, luxury, and class (Shermach 1997) but rather how much status-laden notoriety may it accomplish? These products may be purchased for internal reasons, meaning rewarding self, or for external reasons, which means signaling wealth. Certainly, the marketing manager pursues these alternatives carefully. Although some maintain that these two pathways are quite different, it is maintained here that they must be considered almost simultaneously to make specific decisions for specific customers.

Close to Perfection

In trying to establish the brand identity and its superlative qualities, it may be necessary to instill the idea into the prospective customers that the luxury product in question is so close to being perfect that it will provide great satisfaction to the owner (Kapferer and Bastian 2009). It may not be perfect, but it is close to it.

Offering Value to the Market

As super luxury brands thrive on their legacy, quality, aesthetic value and strong customer relations, they also must provide value to the markets. This value-generating activity on the part of super luxury products is not related to what the market desires but to what kind of equity the luxury provides. Here, four types of equities have been identified. These are value equity, relationship equity, brand equity, and customer equity (Kim and Ko 2011). Although all four are somewhat connected, their identification creates an opportunity for the manager to emphasize the one judged to be most meaningful one. Recently, many luxury brands are using social media such as Twitter, Facebook, and YouTube. These are emerging as very powerful communication vehicles. It has been reported that Louis Vuitton has been broadcasting fashion shows on their blogs. Similarly, Ralph Lauren, Chanel, Gucci, and others have been working with Apple to create iPhone applications (Kim and Ko 2011). It is not clear if these companies are using different equity orientations for their needs. Furthermore, such equity orientations, if understood well, can be extremely useful in marketing super luxuries.

Clients Are Not Equals

It must be, first and foremost, reemphasized that luxury brands are most likely to be different things to different people. They are also purchased and used for different purposes in different ways. Marketing managers need to market the product in different ways for these different tastes and different uses. This is a very powerful challenge for luxury brand managers. The same luxury brand may mean different things to different people. Thus, the marketing orientation of super luxuries cannot be a simple one-size-fits-all approach. Marketing managers of these products must realize that each individual customer is different, and clearly each is important. As a result, each customer or prospective customer must be treated as a separate entity and not as a member of a group. This further means a very personalized and a very high quality of service needs to be rendered. Although Rolex for watches, Rolls-Royce for cars, and Louis Vuitton for leather products are all perceived as significant in their product areas, these brands do not have the same communicative power to cultivate the perceived status or perceived conspicuousness (Truong et al. 2008). This is where extremely powerful relationship marketing, based on impeccable service, becomes absolutely the most important feature for super luxuries.

Make It Difficult to Buy

Certainly this may sound extremely unusual and in fact quite unacceptable to a typical marketing manager. However, super luxury brand managers must realize that if they have arrived, it did not happen overnight.

It probably took generations of managers to reach the current status, and there is no guarantee that their historical commitment to quality and value will be recognized by connoisseurs and, perhaps, a cult of amateurs alike. Here they have a major responsibility to make sure that the customers know the value of ownership and realize that good things in life do not come easy, but that when they do come they are most rewarding. In terms of marketing practice, the super luxury products maintain their appeal and their value by practicing prestige pricing. Such pricing, it has been maintained, would even increase demand as the price goes up (Samli and Hill 1998). Thus, charging relatively high prices and to some degree making it difficult to find and to buy the product must be considered very carefully as a critical component of the marketing strategy.

Advertise Not to Sell

A number of luxury brands, under the pressures of recession and perhaps with some lack of understanding, have attempted to create some degree of commoditization.

They have stretched their brands to capture some enthusiastic middle-class consumers, for example, Calvin Klein jeans sold at discount retail stores, and luxury watches are offered on-line at half-prices (Koehn 2001). This is not the approach that super luxuries must use. It is not cheaper deals, more availability, and heavy advertising to promote immediate sales for quick short-run revenues that must be pursued but rather constant effort to enhance the image and reputation of the product. Customers must know that they are not buying “good deals” but instead are buying a unique product with considerable value. Thus, the value or the contribution to the firm is not limited to the profit from each transaction but is connected to the total profit each customer may contribute over the duration of a lifetime relationship (Kumar and George 2007).

Raise Prices to Increase Demand

Although it may sound like a total impossibility, this is a critical point that needs to be considered by the marketers of super luxuries. As mentioned earlier, by offering a major value to the market and making customers face difficulty in buying, even in recessions, luxury brand managers must resist lowering prices and cheapening the offers. Once again, practicing prestige pricing is what super luxuries have done in the current recessionary period. This practice would enhance the brand legacy and brand esthetic value (Kim and Ko 2011).

Do Not Commoditize

Do not compromise quality for quantity. Although it is extremely tempting to offer cheaper models, change distribution systems or produce partially or fully in lower labor-cost countries; super luxuries, as has been implied, have thus far avoided these options and resisted temptation. By doing so they maintained the integrity and value of their products accordingly. A study by the University of Birmingham Graduate School in the United Kingdom indicated that even though adverse economic conditions are being experienced, over 73 % of a group of experienced Chinese buyers indicated that they will continue buying their luxuries the way they have been buying (Duan 2009).

Do Not Democratize

Super luxury products are not for everyone. Marketing managers of these products must acknowledge this fact and never try to make their product available or purchasable by everyone. Although this point is a continuation of earlier aspects

of the marketing strategy presented here, it is reiterated that promoting a cheaper version of the product in consideration is not a viable alternative. Emphasizing country of production as a lower cost alternative is not as appealing to buyers of luxury products as the country of origin emphasis. A group of British and Chinese consumers particularly specified that when considering brands such as Louis Vuitton and Gucci, they would pay more for the country of origin and would not consider the cheap version publicized by a low-cost country of production (Mi-Ying 2009).

Summary

This chapter and Chap. 15 emphasize two very important impacts of modern globalization: luxury brand marketing in this chapter and international gift giving in Chap. 15.

This chapter emphasizes the development of a marketing strategy for super luxury brands. It is important to distinguish certain luxury products as super luxuries. This chapter establishes a ten-point international marketing strategy. Throughout the chapter, the luxury products and their brands are both included in the discussion since the super luxuries are identified by their brands. The ten points or the ten elements that are considered to construct a powerful international marketing strategy are:

Brand identity, superlativeness, close to perfection, offering value to the market, do not treat clients as equals, make it difficult to buy, advertise not to sell, raise prices to increase demand, do not commoditize, and do not democratize. It is maintained in this chapter that these ten points put together will create a very powerful international marketing strategy for super luxuries.

Three Critical Points for International Marketers

1. Luxury products need and use a distinctly different marketing strategy.
2. The luxury status takes a very long time and much effort to establish.
3. Quick adjustments or changes on the strategy are totally unacceptable.

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Chapter 15

International Gift Giving

International gift giving is not a new concept; in many cases it was done for political purposes in the Middle Ages (Polanyi 1944). Today, gift giving is a personalized activity flourishing because of globalization.

As discussed in the introductory chapter of this book, today's post-globalization consumer has more information, more choices, and more opportunities to buy products from different international sources. As a result, international consumers are now more than ever buying different products from different countries as gifts. Through current globalization activity, international shopping has become rather easy. In fact, international gift giving, in recent years, has become so important that gift-giving behavior has become a special area of research and conceptualization. This concept encompasses the activities relating to participants, processes, acquisitions, exchanges, and usage of gifts. However, it also extends beyond just giving and receiving a physical product and includes more remote and emotional concepts regarding choices, recipient behavior, and reciprocity, among others (Clarke 2007).

In addition to regular gift giving, this particular area of investigation has identified new dimensions of study. It is, for example, maintained that gift-giving behavior is different in collectivistic versus individualistic societies (Tynan et al. 2010). Similarly, gift-giving behavior with respect to intangible gifts such as hospitality, leisure, or tourism experiences have also been considered as important and serious areas of exploration (Clarke 2007).

Here, we first look at the core components of the process of gift giving. Such a process is presented in Exhibit 15.1.

The exhibit is primarily based on self-consideration of the gift, giver rather than the characteristics of the receiver (Belk 1979; Clarke 2007). This act of gift giving, in this case, becomes a positive experience which enhances the giver's self-concept (Shapiro 1993).

The first item in Exhibit 15.1 is the gift giver. Just what kind of a person is this? The concept is analyzed in terms of a psychological as well as economic aspect of the individual gift giver.

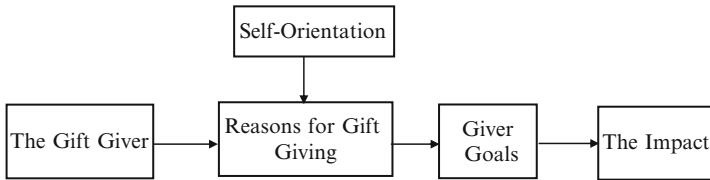


Exhibit 15.1 Gift-giving sequence

Obviously, there are reasons for gift giving. Just what are they? How important are they in regards to the gift giver's values and well-being?

There are most likely certain objectives on the part of the gift giver. Are these specific goals? Can they be identified as such? Could they be prioritized? These are critical areas that need to be explored.

Finally, the general model has to show some type of impact. Is this all together a successful move? How did it really end? What may be done additionally in the future to strengthen the impact?

Just where in the model international marketing enters into the picture is perhaps the most important question for our purposes here. A general answer to the question would be at any moment in the whole process. Considering the availability, competitive alternatives, and global brand recognition of many products and services, the gift-giving process can be as international as it is domestic. The general model presented in Exhibit 15.1 must be analyzed in detail. Exhibit 15.2 attempts to accomplish this goal.

Gift-Giving Behavior

Exhibit 15.2 presents some specifics of the international gift-giving sequence. This exhibit begins with reiterating the fact that in analyzing the gift-giving behavior, it is necessary to recognize that the process of gift giving has different stages, and each stage must be analyzed separately. The first stage of gift giving is exploring the reasons for gift giving.

Reasons for Gift Giving

As Exhibit 15.2 indicates, the four key reasons for gift giving are typically articulated (Belk 1979) as follows: to celebrate key life events, to nurture personal relationships, to foster economic exchange, and to socialize offspring. These are almost natural reactions without having a major self-involvement.

Obviously, key life events, holidays, birthdays, etc. are recognized in different cultures. But these are celebrated quite differently in different cultures. American celebrations of life events such as Easter, Christmas, Mother's Day, etc., are quite

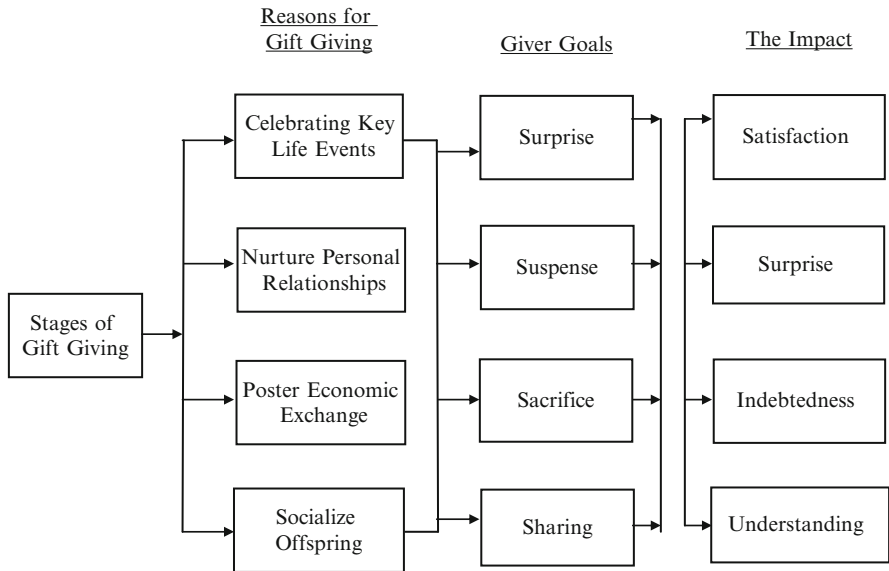


Exhibit 15.2 Gift-giving behavior

commercialized; certainly a proactive international entrepreneur can plan participating in these.

For some people under certain circumstances in our complex society, it may be quite critical to create and nurture personal relationships. Gift giving and receiving in such cases become important and therefore need to be analyzed and cultivated.

Fostering economic exchange can be interpreted in a series of different ways. Gift giving can be the starting mover introducing or cultivating a positive market position for products, brands, or even services. Similarly, fostering economic exchange can be of some degree of economic help or can be a benefit enhancement, which can be somewhat critical for some people.

Finally, socializing offspring or encouraging young people to become more acclimated to and more appreciative of existing lifestyles and values can be facilitated by getting them involved in some type of gift-giving and gift-receiving activities. The second phase of the process as illustrated in the Exhibit 15.2 is giver goals.

Giver Goals

Gift giving certainly is an experience for the giver as well as the receiver; based on earlier models of such experiences (Banks 1979; Sherry 1983; Clarke 2007), articulated the “four S’s” of gift-giving experience in the form of surprise, suspense,

sacrifice, and sharing. Unlike the basic reasons for gift giving, giver goals imply some degree of ego involvement on the part of the giver.

Surprising the recipient can be rather effective in terms of creating an immediate reaction that could have some positive and a somewhat longer lasting impact. Of course, this implies that the sender knows the receiver quite well and can decide what is more likely to surprise the receiver.

Suspense can be very powerful. However, what would create suspense on the part of the receiver and how this attempt to create suspense on the part of the sender is likely to be effective are important and difficult questions.

Sacrifice implies that the sender is giving something of himself or herself and presumably this would be appreciated by the receiver. Once again, it implies that the sender knows the receiver well and is able to evaluate the receiver's expected reaction.

Sharing can be a more intensified sacrifice. Obviously, the receiver has some problems and the sender has means to share. Sharing here is done in the form of a gift.

Here, perhaps surprise and suspense are more appropriate for international marketing. Giving a gift of an international product clearly can play such a role. The gift-giving process, by definition, has some impact. Exhibit 15.2 illustrates four such impacts.

The Impact

The first impact listed is satisfaction. Regardless of type, kind, time, or place, all gift-giving activity must create satisfaction. Satisfaction for the giver and receiver are both important. It is not difficult to determine in advance if the level of satisfaction is high enough for both parties nor is it possible to estimate whether the satisfaction level will be equal or higher for one of the two parties.

The surprise effect was mentioned earlier when the giver goals were discussed, however, it is necessary to mention it here too, since surprise could be a very powerful impact of the whole gift-giving process. It is rather difficult in advance to know much surprise the whole process may generate. Similarly, after the process of gift giving is completed, it is still very difficult to measure or even judge this particular effect.

Indebtedness can easily be an outcome of any gift-giving activity. The giver, however, may think that is what the expected outcome should be. Similarly if there is gift giving because the giver is indebted to the receiver, it is critical on the part of the giver that the gift is received favorably.

Finally, understanding can have multiple meanings. It may mean that by creating understanding, the giver is attempting to bring the two parties together by gift giving. Similarly by gift giving the giver may be asking for the understanding of the receiver. Additionally, the gift-giving process may be an attempt to raise the level of understanding or appreciation for a new development or a new concept.

Exhibit 15.3 The secret of successful gifts

-
- Donor’s sacrifice
 - Recipient experience pleasure
 - The gift concept must be treated as a luxury
 - The gift must be uniquely appropriate to the receiver
 - The recipient is surprised
 - The gift pleases the recipient
-

From our discussion thus far, two points become rather important. First, giving a gift is a positive experience. That experience enhances the giver’s self-concept (Shapiro 1993; Wooten 2000). Second, gifts are likely to be more valued for their symbolism than for the transfer of their material values (Wolfenbarger 1990; Clarke 2007).

Overall, just what makes a gift successful? A number of scholars have explored this total concept. Exhibit 15.3 deals with six general features of successful gift giving.

Successful Gift Giving

Although it may be somewhat repetitious, Exhibit 15.3 does an important job of summarizing how successful gifts should be evaluated.

A successful international gift represents some sacrifice on the part of the gift giver. Any and all successful gifts must create an experience of pleasure on the part of the recipient. Certainly, the pleasure has to be a part of the giver’s emotional state. However, this is considered to be secondary in this case.

Even though physically the actual value of the gift item or the gift concept may not be very high, conceptually and symbolically the gift should be considered unique and special enough to be considered a luxury product or service. That aspect of the gift, perhaps, depends on the thought behind the gift, the timing, and the like. Again, this implies the symbolic value of the gift is greater than its actual value.

Appropriateness of the gift is related to the concept of whether the gift should be considered a luxury. The appropriateness of the gift is dependent on the giver’s self-concept as well as on the giver’s perception of the receiver’s values and personalities. This relationship is rather complex and creates appropriateness or lack thereof (Wolfenbarger 1990; Clarke 2007).

A surprise factor is almost necessary for a gift to be successful. Naturally, the surprise effect would not mean much if it is not based on earlier factors discussed in this section, i.e., creating pleasure, being a luxury, and appropriateness. In all cases it is critical to consider optimization of donor satisfaction and recipient pleasure in the total process.

The International Dimension

As discussed in the Introduction of this book, on one end there is an emerging global culture and on the other end, the post-globalization consumer knows more about products, has access to more global products, and can be more selective than ever before. Physical products, particularly internationally well-known brands, are likely to be appropriate gifts to be used more and more extensively.

Non-physical types of gifts are those deal with human experiences, particularly in the areas of hospitality such as, say, a week in Club Med. Leisure gifts, such as giving tickets, for example for the Olympic Games, or for tourism, or visiting the pyramids in Egypt, are all possible international gifts. They are likely to become more and more common; as Tom Friedman says, the world is becoming flatter (Friedman 2005). Such *experience* gifts are likely to expand as the world gets flatter. In fact, in recent years, the marketing of cities and other location spots providing entertainment, relaxation, and new experiences has increased significantly. Here, knowledge of alternatives becomes an important aspect of the international marketing of experience gifts. In all gift-giving processes, it is necessary to understand that, in a very general sense, the cultural orientation plays an important role. In attempting to explore this issue, attempts have been made to contrast gift-giving in collectivistic versus individualistic cultures. Research has shown that in individualistic cultures, e.g., the United States or the United Kingdom, both physical and experience gift-giving are more self-oriented, as opposed to collectivistic cultures such as China (Tynan et al. 2010). Knowing such a difference would provide valuable guidance for promoting gift giving.

Summary

Just as in Chap. 14, this chapter deals with an aspect of international marketing that is booming due to almost continually expanding globalization activity.

This chapter presents a marketing plan for gift-giving activity. It identifies reasons for giving gifts, examines giver's goals, and evaluates the key impact of gift giving in terms of satisfaction, surprise, indebtedness, and understanding.

Perhaps the key contribution of the chapter revolves around six criteria that make gift giving a success.

It is posited in this chapter that over and beyond physical gifts, the most up-to-date gift giving encompasses experience gifts in the forms of hospitality, leisure, and tourism. These and other well-known consumer-brand-giving activities in international circles are bound to expand in the near future.

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Chapter 16

Strategizing International Marketing and a Research Agenda

As I stated in my previous book (Samli 1995), we have to understand international consumer behavior so that consumers all over the world may have their needs and desires taken care of. This orientation in the twenty-first century has become more critical but also more challenging. In our discussions through the Introduction and Chap. 13, the discussion has been in the direction of understanding the learning and involvement of international consumers as conditions prior to the purchase.

Learning and Involvement

Exhibit 16.1 illustrates briefly the connection between learning and involvement. Perhaps the key here is how learning is stimulated and involvement is accommodated. In the twenty-first century, as indicated in different sections of this book, exciting developments are taking place. The post-global consumer is more informed, more sophisticated, and has more alternatives. Thus, although the basic orientation of Exhibit 16.1 remains the same, details must be carefully considered.

The upper left quadrant of Exhibit 16.1 deals with fast learning products, culture, and a high level of involvement. Since the consumers are fast learners and highly involved, social media combined with mass media would stimulate cognitive learning. If they could get more information, consumers can purchase the product quickly. Fashion merchandise may be marketed in this fashion. In the left lower quadrant of Exhibit 16.1 are slower learners, perhaps due to complexity of products, but they are interested in trying the product if they know about it. Thus extra promotional efforts are required to stimulate both cognitive and affective learning. Target markets need to be analyzed to make sure that high involvement opportunities can be provided in these markets.

The upper right quadrant of Exhibit 16.1 deals with fast learning but a low level of involvement. Low involvement here may mean a high level of knowledge of consumers. They may be expecting new models of communication devices. Here

Exhibit 16.1 Interaction between learning and involvement

| | | Involvement | |
|----------|------|--|---|
| | | High | Low |
| Learning | Fast | Fast penetration into the target market. Mass media and social media emphasizing cognitive learning. Distribution systems accommodating Ex: Fashion merchandise | Fast penetration. Extra promotional efforts to stimulate cognition. Distribution must be powerful Ex: New and improved communication devices |
| | Slow | Slower selective entry. Extra-promotional efforts to stimulate both cognitive and affective learning. Careful analysis of target markets Ex: High-tech products | Slow and skimming entry. Very selective mass media promotion stimulating both cognitive and affective learning Ex: Home gym equipment |

Source: Adapted and revised from Samli 1995

fast penetration is possible. Cognitive learning can easily be facilitated. Distribution of the product in question must be very adequate and timely.

Finally, the lower right quadrant of Exhibit 16.1 implies slow and skimming penetration. Mass media promotion must be used selectively so that both cognitive and affective learning will be stimulated. The process of acceptance of the product is likely to be slow. Home gym or home entertainment products may be facing such a situation. Thus, as discussed earlier in a different section of this book, the diffusion process becomes a reality where involvement and learning interact.

Here, the actual diffusion process is further modified by the culture.

Culture and Diffusion

Exhibit 16.2 adds onto and perhaps complicates Exhibit 16.1. Here, once again, two different cultures are contrasted. These two cultures are further modified with the rate of diffusion. In the upper left quadrant, rapid innovation diffusion is analyzed in collectivistic cultures. Personal influences and personal selling tactics pushed through opinion leaders may be very effective. Thus, personal influences by opinion leaders and group associations need to be stimulated by mass media and social media. In the final analysis, market skimming is likely to be more effective.

In the lower left hand of Exhibit 16.2, slow moving diffusion in collectivistic cultures is presented. A new and relatively less known product needs to be promoted forcefully. Again, personal selling tactics and the efforts of places of purchase, along with special efforts of opinion leaders and consumer groups, need to be coordinated and forcefully presented. The market may be penetrated, but this will be a very slow process.

Exhibit 16.2 Impact of culture on diffusion

| | | Collectivistic | Individualistic |
|-------------------|-------|--|--|
| Rate of diffusion | Rapid | Personal influences and personal selling tactics emphasizing and building an affective learning. Appealing to innovations and early adopters through opinion leaders and social media | Use of heavy mass media and social media advertising stimulating personal influences. Cognitive learning is essential. Emphasizing innovator’s early adopters and early majority |
| | Slow | Skimming price Use of personal influences and personal selling tactics in places of purchase. Emphasizing opinion leaders. Use free samples if possible. Emphasize affective learning | Skimming price Using mass media and social media. Emphasizing cognitive learning. Appealing to masses |
| | | Market penetration | Market penetration |

Source: Adapted and revised from Samli 1995

The upper right quadrant of Exhibit 16.2 deals with rapid diffusion in individualistic cultures. Heavy mass media and social media efforts would stimulate cognitive learning, which probably happen primarily among innovators and early adopters. The market, therefore, is more likely to be skimmed.

Finally, the lower right quadrant of Exhibit 16.2 deals with a slower expected rate of diffusion in individualistic cultures. Here again, informing the prospective customers about the product or service in question is critical. Chances are that if there is no readily available market segment, then given time the whole market would adopt the product. Cognitive learning and, perhaps, extensive utilization of social media are critical. The market is likely to be penetrated.

Putting Together Marketing Strategies

Understanding consumer behavior is the essence of the international marketing strategy construction. However, consumer behavior needs to be associated with the strategic posture of the firm as well. Exhibit 16.3 presents, in a very general sense, the four key generic strategy alternatives. Dealing with a series of generic strategy alternatives can be related primarily to key dimensions of market characteristics for localization and the company’s orientation for localization. If the market does not need special localization because it does not quite have special needs, the product is likely to be standardized. Similarly, if a company does not feel the need to localize, either, then the upper left quadrant of Exhibit 16.3 emerges, i.e., be global and act global. However, the situation varies as the company may have its own reasons to localize or treat the market differently than other markets; then, it is acting local in offering its regular localized product but also trying to become a global company.

Exhibit 16.3 Generic strategy alternatives

| | | Market characteristics for localization | |
|--|--|---|---|
| | | Low | High |
| Company's orientation for localization | Low | Be global | Be global |
| | | Act global | Act local |
| | High | Standardize products and marketing strategy | Standardized products and localized marketing |
| | | Be local | Be local |
| | Act global | Act local | |
| | Localized product and standardized marketing | Localized products and localized marketing | |

Source: Adapted and revised from Samli 1995

This is the lower left quadrant of Exhibit 16.3. This may be somewhat like a local company becoming global.

The upper right-hand quadrant of Exhibit 16.3 deals not with the product but with marketing strategies being localized. Toyota in southeastern part of Virginia may adjust its marketing strategy to accommodate the local market—here the strategy is to be global but act local.

Finally, the lower right-hand quadrant of Exhibit 16.3 illustrates what may be called a multi-local marketing strategy. In this case, both the market and the company need to localize heavily. This means that the company is being local as well as acting local.

An Illustration

Although at the writing of this book this product is still only a rumor, Nano cars by Tata are likely to be introduced in the near future. Exhibit 16.4 is a proposed global marketing plan. Based on much of the information presented throughout this book, this marketing plan is based on localized marketing and a standard product strategy. Even though in all markets the car is likely to be marketed to consumers with modest incomes but who need to be mobile, the appeal in different market is likely to be different.

Needless to say, for every product introduced to international markets, the products must go through very careful scrutiny as to how they should be marketed.

Last Words and a Research Agenda

This book posits that international marketing is more successful if consumer behavior is well understood and marketing plans are devised carefully on the basis of this understanding. However, there is no one standard international

Exhibit 16.4 Tata's Nano cars

-
1. Somewhat localized marketing with the Indian name, Tata
 2. Overall limited income groups
 3. Emphasis in Europe on the economy and greenness
 4. Emphasis in third world countries more on price
 5. Emphasis in the United States on safety and economy
 6. Use of point-of-purchase promotion in the third world
 7. Use of mass media and social media in European Union and the United States
 8. In third world markets
 - Slow and penetration entry
 - Extensive display and involvement
 - Interpersonal influences, very critical
 - Appeal to the whole market
 9. In industrialized markets
 - Mass media information
 - Social media influences
 - Extensive availability
 - Increased familiarity pre-purchase
-

consumer behavior model. It varies dramatically based on the culture, consumer information, characteristics of the product, and how they are presented.

But, even more importantly, consumer behavior in different markets is changing and not always necessarily in the same manner. Future research about international consumer behavior should be ongoing and should emphasize at least the following:

Consumer learning: what is the impact of current social media and emerging brand communities?

Cognitive and affective knowledge: are they changing? In what ways? How should knowledge be disseminated?

Global versus local cultures: will there be more and more globalization throughout the world? How far will the localization go? How will these further influence international marketers? What will be the future role of the concepts introduced in this book, such as country of origin, country of production, and country of assembly? How should these concepts be used? Finally, what is the future of luxury marketing and international gift giving? Here are the key elements of a future international consumer behavior research agenda.

I would like to finish by vigorously emphasizing the facts that understanding consumer behavior is essential for consumer satisfaction, and consumer satisfaction is essential for great profits. *We need better marketing globally.*

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About the Author

Dr. A. Coskun (Josh) Samli is Research Professor of Marketing and International Business at the University of North Florida.

He received his bachelor's degree from Istanbul Academy of Commercial Sciences (currently Marmara University), his MBA from the University of Detroit, and his Ph.D. from Michigan State University. As a Ford Foundation Fellow, he has done postdoctoral work at UCLA, the University of Chicago, and as an International Business Program Fellow at New York University.

In 1974–1975, he was a Sears-AACSB Federal Faculty Fellow in the Office of Policy and Plans, US Maritime Administration. In 1983, Dr. Samli was invited to New Zealand as the Erskine Distinguished Visiting Scholar to lecture and undertake research at Canterbury University. In 1985, he was selected as a Fulbright Distinguished Lecturer in Turkey and as the Beta Gamma Sigma L. J. Buchan Distinguished Professor for the academic year 1986–1987 to work at North Carolina Agricultural and Technical University. He was given a research fellowship by the Center of Science Development, South Africa, in February 1995. He was also awarded a fellowship by the Finnish Academy of Sciences to teach a doctoral seminar in June 1999.

Dr. Samli is the author or coauthor of almost 300 scholarly articles, 23 books, and 30 monographs. He has been invited, as a distinguished scholar, to deliver papers in many parts of the world by several universities. He has lectured extensively in Europe, Eastern Europe, the Middle East, the Far East, Oceania, and in many other parts of the world. He was very active in the Fulbright Commission. Dr. Samli is on the review board of seven major journals. He is the cofounder of, and was the first president and a research fellow of, the International Society for Quality of Life Studies (ISQOLS).

Dr. Samli is a Distinguished Fellow in the Academy of Marketing Science and a past chairman of its board of governors. He has done some of the earlier studies on the poor, elderly, and price discrimination. His most recent books are: *Entering and Succeeding in Third World Countries*, Thomson (2004); *Up Against the Retail Giants*, Thomson (2005); *Chaotic Markets*, Praeger (2007); *Globalization from the Bottom Up*, Springer (2008); and *International Entrepreneurship*, Springer

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Dr. Samli has worked with a number of small- and medium-sized businesses as a consultant over a 50-year period and has conducted seminars for hundreds of business managers and graduate students in Turkey.

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In 2010, he was awarded the first James M. Parrish faculty award at the University of North Florida.

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