



Cross –Cultural Consumer Behavior



Consumer Behavior

Leon G. Schiffman

Joseph Wisenblit

Chapter 13 Learning Objectives



13.1 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.

13.2 To understand how to decide whether to customize products for global markets or to sell standardized ones.

13.3 To understand how to identify global marketing opportunities.

13.4 To understand how to apply psychographics to segmenting multinational markets.

Opening Vignette



FIGURE 13.1 Patek Philippe Globally

Market Growth Opportunities

TABLE 13.1 Global Marketing Strategies

| PRODUCT STRATEGY | COMMUNICATION STRATEGY | |
|----------------------|---|---|
| | STANDARDIZED COMMUNICATIONS | CUSTOMIZED COMMUNICATIONS |
| Standardized product | Global strategy: uniform product/uniform message | Hybrid strategy: uniform product/customized message |
| Customized product | Hybrid strategy: customized product/uniform message | Local strategy: customized product/customized message |

Learning Objective 13.1

13.1 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.



Cross-cultural Analysis

Analysis that determines the extent to which the consumers of two or more nations are similar or different

Cross-cultural Analysis

TABLE 13.2 Cross-Cultural Analysis

FACTORS

Differences in language and meaning

Differences in market segmentation opportunities

Differences in consumption patterns

Differences in the perceived benefits of products and services

Differences in the criteria for evaluating products and services

Differences in economic and social conditions and family structure

Differences in marketing research and conditions

Differences in marketing research possibilities

EXAMPLES

Words or concepts (e.g., “personal checking account”) may not mean the same in two different countries.

The income, social class, age, and sex of target customers may differ dramatically between two different countries.

Two countries may differ substantially in the level of consumption or use of products or services (e.g., mail-order catalogs).

Two nations may use or consume the same product (e.g., yogurt) in very different ways.

The benefits sought from a service (e.g., bank cards) may differ from country to country.

The “style” of family decision making may vary significantly from country to country.

The types and quality of retail outlets and direct-mail lists may vary greatly among countries.

The availability of professional consumer researchers may vary considerably from country to country.

Similarities and Differences

TABLE 13.3 A Comparison of Chinese and American Cultures

CHINESE CULTURAL TRAITS

- Centered on a set of relationships defined by Confucian doctrine
- Submissive to authority
- Ancestor worship
- Passive acceptance of fate by seeking harmony with nature
- Emphasizes inner experiences of meaning and feeling
- A closed worldview, prizing stability and harmony
- Culture rests on kinship ties and tradition with a historical orientation
- Places weight on vertical interpersonal relationships
- Values a person's duties to family, clan, and state

AMERICAN CULTURAL TRAITS

- Centered on the individual
- Greater emphasis on self-reliance
- Resents class-based distinctions
- Active mastery in the person–nature relationship
- Concerned with external experiences and the world of things
- An open view of the world, emphasizing change and movement
- Places primary faith in rationalism and is oriented toward the future
- Places weight on horizontal dimensions of interpersonal relationships
- Values the individual personality

Consumer Styles

TABLE 13.4 "Consumer Styles" in Four Nations

GERMAN CONSUMERS:

- Less brand loyal
- More price-sensitive
- Least likely to seek variety in products
- Most likely to consider themselves impulsive shoppers
- Least likely to say they dislike shopping

U.S. CONSUMERS:

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers

UNITED KINGDOM CONSUMERS:

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers
- See advertising as insulting

FRENCH CONSUMERS:

- Believe shopping is no fun
- Claim to engage in comparison shopping, but are not the most likely to purchase products on sale

TABLE 13.5 Consumer Clusters (Segments) in Four Nations

| CLUSTER | FRANCE | GERMANY | UNITED KINGDOM | UNITED STATES |
|-------------------------------|--------|---------|----------------|---------------|
| Price-Sensitive Consumers | 27.5 | 38.7 | 19.3 | 21.0 |
| Variety-Seeking Consumers | 22.0 | 19.4 | 22.4 | 23.3 |
| Brand-Loyal Consumers | 30.4 | 20.0 | 36.2 | 22.2 |
| Information-Seeking Consumers | 20.1 | 21.9 | 22.1 | 33.5 |

Measures of Cross-Cultural Aspects

- Product quality judgments
- Willingness to buy products
- Ethnocentrism
- Perceptions of consumption culture
- Acculturation
- Ethnic self-identification
- National self-identification

Measures of Cross-Cultural Aspects

Attitudes toward local and global products (Agree/Disagree)

- **Entertainment**

e.g. I enjoy entertainment that I think is popular in many countries around the world more than traditional entertainment that is popular in my own country.

- **Furnishings**

e.g. I prefer to have home furnishings that are traditional in my country rather than furnishings that I think are popular in many countries around the world.

- **Food**

e.g. I enjoy foods that I think are popular in many countries around the world more than my own country's traditional foods.

- **Lifestyles**

e.g. I prefer to have a lifestyle that is traditional in my own country rather than one that I think is similar to the lifestyle of consumers in many countries around the world.

- **Brands**

e.g. I prefer to buy brands that I think are bought by consumers in many countries around the world rather than local brands that are sold only in my country.

Measures of Cross-Cultural Aspects

- Independence
- Interdependence
- Power
- Social inequality
- Risk aversion
- Ambiguity tolerance
- Masculinity
- Gender equality
- Tradition
- Prudence
- Ethnocentrism
- Innovativeness

Acculturation

The process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and then apply this knowledge to marketing products internationally

Acculturation: Dual Learning Process

1. Marketers learn everything relevant about the product/product category in the chosen market
2. Marketers must persuade/teach members of the chosen market to change traditional ways of doing things and adopt the new product

Consumer Research Difficulties

| FACTORS | EXAMPLES |
|--|--|
| Differences in culture | Illegal to stop people on streets and focus groups impractical in Saudi Arabia |
| Differences in marketing research information | Russia and China have limited information regarding consumer statistics |
| Differences in appropriate scales of measurement | A 10- or 20- point scale may be needed in other countries (vs. 5 to 7- point scale in the U. S.) |
| Differences in the availability of research facilities | Telephone interviewing services may not be available in particular countries of the world |

Learning Objective 13.2

13.2 To understand how to decide whether to customize products for global markets or to sell standardized ones.

Customization Examples

- McDonald's
 - Japan: Donald McDonald vs. Ronald McDonald
 - Japan: Corn soup and green tea milkshakes
 - Sweden: Softer design and woodcut packaging
 - France: McBaguette
 - Philippines: Rice and spaghetti as side dishes
- Pizza Hut Casual Dining in China
- Starbucks coffee in Europe
- Sunglasses for Chinese people

Linguistic Barriers

- General Motors
 - Chevy Runs Deep → Find New Roads
 - Nova “No Go” (Spanish) → Caribe
- Parker Pens (Mexico): “It won’t leak in your pocket and make you pregnant”
- Vicks cough drops (Germany): sexual penetration
- Pepsi (Taiwan): bring ancestors back from the dead
- Coc-Cola (China): Ke-kou-ke-la = bite the wax tadpole or female horse stuffed with wax → Ko-kou-ko-le = happiness in the mouth

Chinese Names: Examples

- Cadillac (Ka di la ke) and Hilton (Xi er dun) = phonetic translations; mean nothing
- Snickers' (Shi Li Jia) = “honorary powerful support”
- Tide (Tai Zi) = “gets rid of dirt”
- Colgate (Gao Lu Jie) = “revealing superior cleanliness”
- Citibank (Hua Qi Yihang) = “star-spangled banner bank”

Promotional Appeals

- Humorous advertising: UK vs. Greece
- Sexual appeals:
 - Western country vs. Muslim or Buddhist countries
 - South Asian cultures vs. the U.S.
- Collectivist vs. individualistic ad appeals
- Comparative advertising
 - Self-construal
 - Need for cognition

Global Brands

- Characteristics
 - Quality Signal
 - Global Myth
 - Social Responsibility
- Intracountry consumer segments
 - Global Citizens
 - Global Dreamers
 - Antiglobals
 - Global Agnostics

Example of a Global Brand

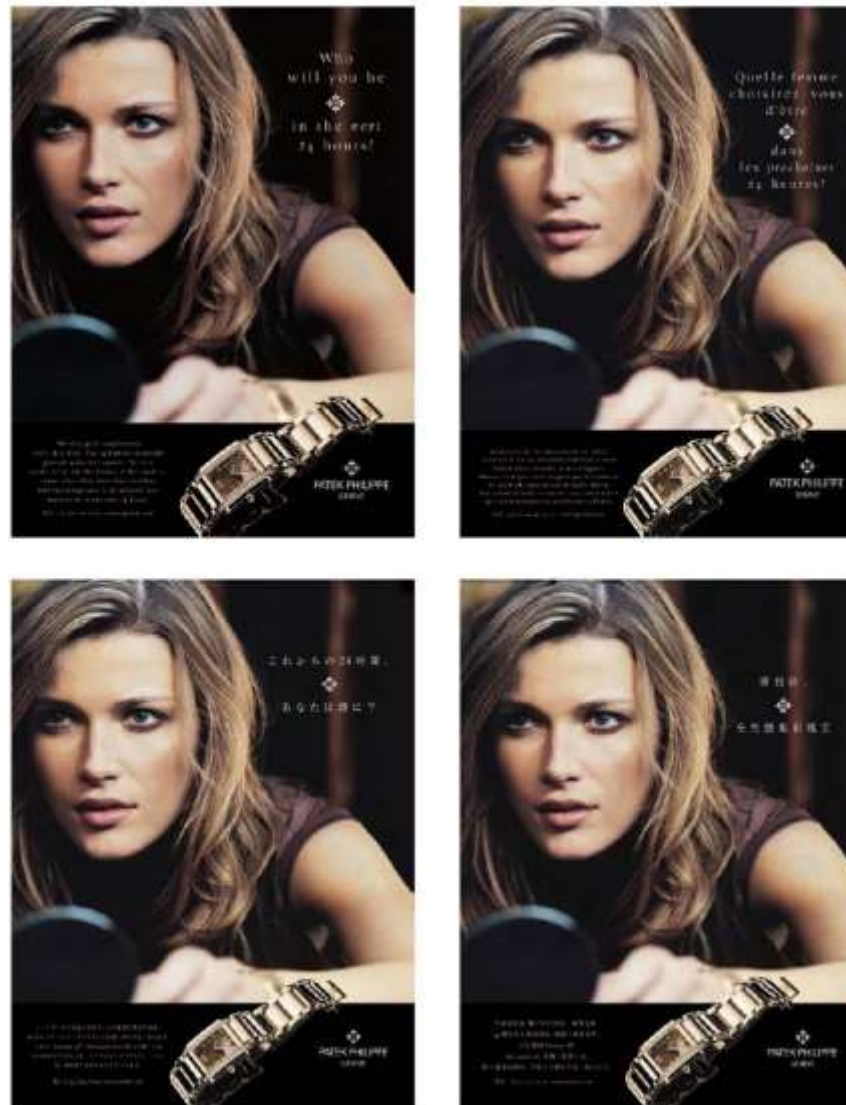


FIGURE 13.2 Patek Philippe Is a Global Brand

Top Global Brands and Appeals

TABLE 13.7 Profiles of Several Global Brands

| BRAND | PROFILE AND GLOBAL APPEAL |
|---------------|---|
| Coca-Cola | Universally recognized more than any other in the world because it makes people experience fun, freedom, and refreshment. The brand maintains a powerful sense of nostalgia that unites generations of Coke lovers and reinforces consumers' deep connections to the brand. Its edgy campaigns continue to push boundaries, and Coca-Cola reinforced its values through celebratory promotions relating to its 125th-year anniversary ("Sharing Happiness") and the London Olympics ("Move to the beat"). |
| McDonald's | McDonald's stands out because of its exceptional brand management, significant global presence, and delivery of consistent quality and affordability. The company is also working to respond to critics by increasing the number of healthful menu options and effectively communicating its sustainability efforts to both customers and employees, building energy saving and waste reduction into staff incentives. |
| Louis Vuitton | Louis Vuitton's continued success can be attributed to consistently upholding its core values and remaining loyal to its travel-centric heritage. Louis Vuitton has also improved its digital presence—from charting its history on Facebook to launching an app that enables customers to share travel experiences. The brand expanded to new markets and became a top gift brand in China. |
| Amazon | Amazon aims to be a place where consumers can find anything they want to buy—online. It delivers on this aim by regularly expanding its products and services and, in doing so, has remained a leader in customer service. Amazon sustained the success of its Kindle brand, stretching it beyond its e-reader origins into a legitimate iPad alternative, introducing both the Kindle Touch and Kindle Fire in 175 countries. |
| H&M | With an ever-increasing number of competitors gaining traction globally and more big retailers stepping into low-cost fast fashion, H&M has been finding new ways to maintain industry leadership. It continues to partner with big-name designers, celebrities, and high-profile supermodels, and this strategy clearly resonates with the aspirations of its fashion-savvy, pop-culture-following target customers. |

Top Global Brands (cont.)

| BRAND | PROFILE AND GLOBAL APPEAL |
|-----------|---|
| Disney | It is heritage rich, meaningful, and worthwhile to millions of people of all ages and backgrounds around the world. The world of entertainment has been steadily transforming as audience behaviors evolve, content consumption habits change, and the old gives way to the new. Disney has demonstrated an ability to remain resilient over the years in the face of change. |
| Apple | While many assume it's the products that define Apple, it's really a certain kind of thinking, a certain set of values, and an unmistakable human touch that pervades everything Apple does—which is why our connections to the brand transcend commerce. |
| Google | With minimal room for growth in search engine market share, Google continues to transform itself into a broader IT company. New products and services include the Project Glass augmented-reality head-mounted display; Google TV; and Google Drive, a cloud computing service. |
| Microsoft | Microsoft also pushed into the hardware market with its own Surface tablets and into the competitive fray—the global market for converged software/hardware ecosystems. This move will likely define the brand's future. |
| Toyota | In addition to showing solid numbers with repeat customers, Toyota is strengthening its appeal with younger consumers. The brand has intensified its incentives push and reduced its fleet sales. This helps customers find a good deal while also holding the line on the resale value of their vehicles. Toyota's Prius customers continue to deepen their connection to the Toyota portfolio and the Prius lineup is creating an influx of new customers to the Toyota brand. |
| eBay | Most of eBay's growth has come from mobile retailing and PayPal, not its core e-commerce business. More than 90 million users have downloaded eBay's mobile app, and the brand is on track to double volume over both mobile and PayPal this year. However, eBay is not alone in its mobile e-commerce prowess. Amazon's customers have also embraced its mobile app, and the competition in this sector continues to intensify. |
| Nike | Nike continually increases the power of its brand through innovation. Slyly, as an “ambush marketer” rather than an official Olympic sponsor in London, the brand attracted publicity, spotlighted new products, and managed, as always, to link world-renowned athletes to its latest offerings. As part of its long-term growth strategy, Nike announced its intention to divest its Cole Haan and Umbro businesses, which will allow it to focus its resources on driving growth in the Nike, Jordan, Converse, and Hurley brands. Nike is also using social media skillfully to generate awareness and buzz, while continuing to engage the public through events and contests alike. |

Brand Shares

TABLE 13.8 The Top Ten Shampoo Brands in Four Global Markets

| RANK | UNITED STATES | | CHINA | | GERMANY | | BRAZIL | |
|------|-------------------|-----------------------------|-----------------------|-----------------------------|---------------------|------------------------|-----------------------|---------------------|
| | MARKETER | BRAND | MARKETER | BRAND | MARKETER | BRAND | MARKETER | BRAND |
| 1 | Procter & Gamble | Head & Shoulders (14.8%) | Procter & Gamble | Head & Shoulders (18.5%) | Henkel AG & Co KGaA | Schwarzkopf (17.9%) | Unilever | Sunsilk (19.9%) |
| 2 | P & G | Pantene (12.2%) | P & G | Rejoice (13.5%) | P & G | Pantene (9.6%) | Unilever | Clear (10.2%) |
| 3 | Unilever | Suave (12%) | P & G | Pantene (9%) | L'Oréal | L'Oréal Paris (7.4%) | L'Oréal | L'Oréal Paris (8%) |
| 4 | L'Oréal | Garnier (7.6%) | Unilever | Clear (6.6%) | Unilever | Dove (6.7%) | L'Oréal | Garnier (8%) |
| 5 | P & G | Clairol (6.7%) | Unilever | Lux (5.6%) | Beiersdorf AG | Nivea (6.5%) | Colgate-Palmolive Co. | Palmolive (7.4%) |
| 6 | Unilever | TRESemmé | Beiersdorf AG | Slek | Kao Corp | Guhl | P & G | Pantene |
| 7 | Unilever | Dove | Jiangsu Longliqi | Longliqi | P & G | Head & Shoulders | Unilever | TRESemmé |
| 8 | Johnson & Johnson | Neutrogena | Unilever | Dove | L'Oréal | Garnier | Unilever | Dove |
| 9 | Vogue | Organix | La Fang International | La Fang | Johnson & Johnson | Terzolin | Niely do Brasil | Niely Gold |
| 10 | L'Oréal | L'Oréal Paris | Henkel AG & Co KGaA | Syoss | P & G | Clairol | Natura Cosméticos SA | Natura |

Note: Brands' market shares (in percentages) from Euromonitor International are available for the top five brands. Although the top 10 brands account for most of the shampoo sales in each nation, there are more brands, each occupying only miniscule shares of the respective markets.

Learning Objective 13.3

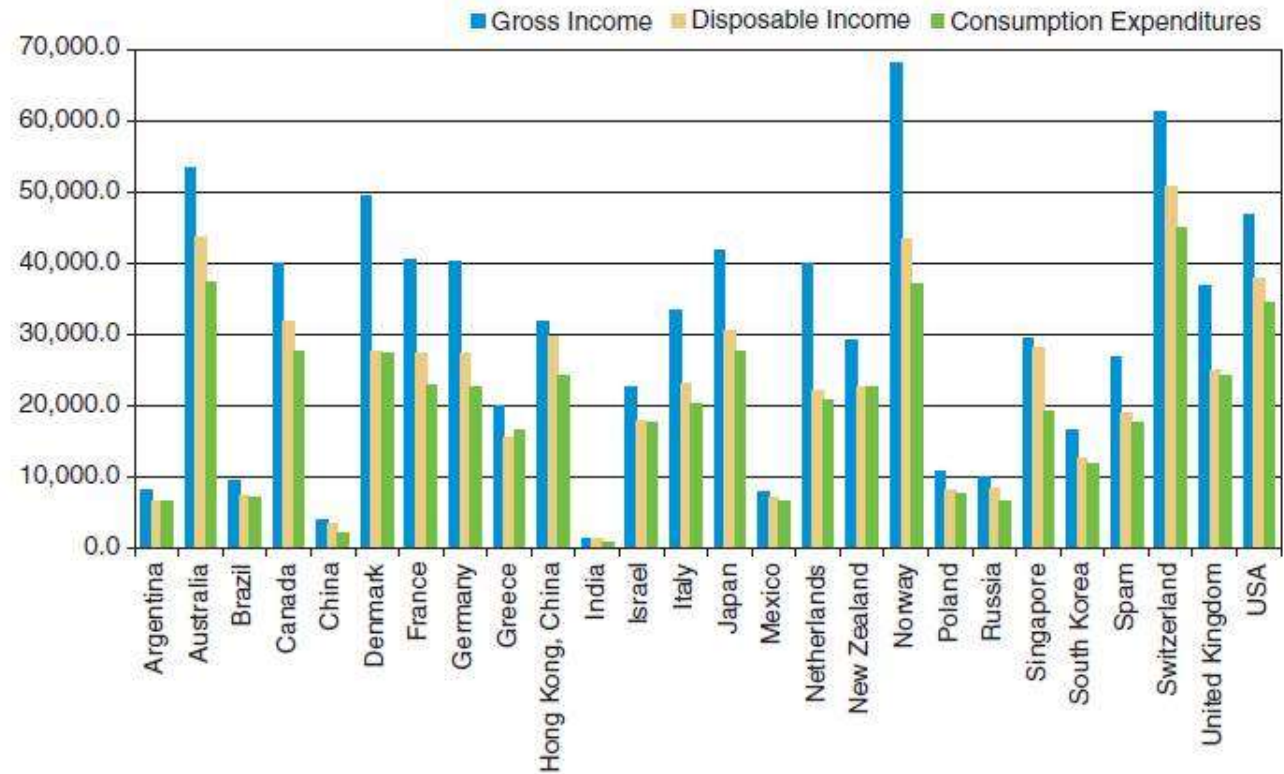
13.3 To understand how to identify global marketing opportunities.

Reasons to Pursue Global Markets

- Multinational fever – attractive multinational markets, products, or services
- Overseas markets offer future growth when home markets mature
- Consumers around the globe eager to try “foreign” products

Spending Power

FIGURE 13.3
Spending Power and
Consumer Expenditures



Middle Class & Teen Market

- Middle Class growth
 - By 2020, the middle class will grow from 30% to 52% of the world's population.
 - By 2025, China will have the world's largest middle class
 - By 2025, India's middle class will be 10 times larger than it currently is
- Global Teen Market – similar interests, desires and consumption behavior

Global Teen Market: Creatives

TABLE 13.9 Teenage Creatives' Values

| CREATIVES' TOP VALUES | | | CREATIVES' BOTTOM VALUES | | |
|----------------------------|-----------|-----------|--------------------------|-----------|-----------|
| | ALL TEENS | CREATIVES | | ALL TEENS | CREATIVES |
| Freedom | 55% | 66% | Public Image | 30% | 17% |
| Honesty | 49% | 61% | Status | 22% | 12% |
| Equality | 39% | 50% | Wealth | 23% | 11% |
| Learning | 37% | 47% | Looking Good | 25% | 9% |
| Preserving the Environment | 31% | 45% | Traditional Gender Roles | 13% | 1% |
| Curiosity | 34% | 40% | Faith | 19% | 2% |
| Creativity | 29% | 36% | | | |

Discussion Question:

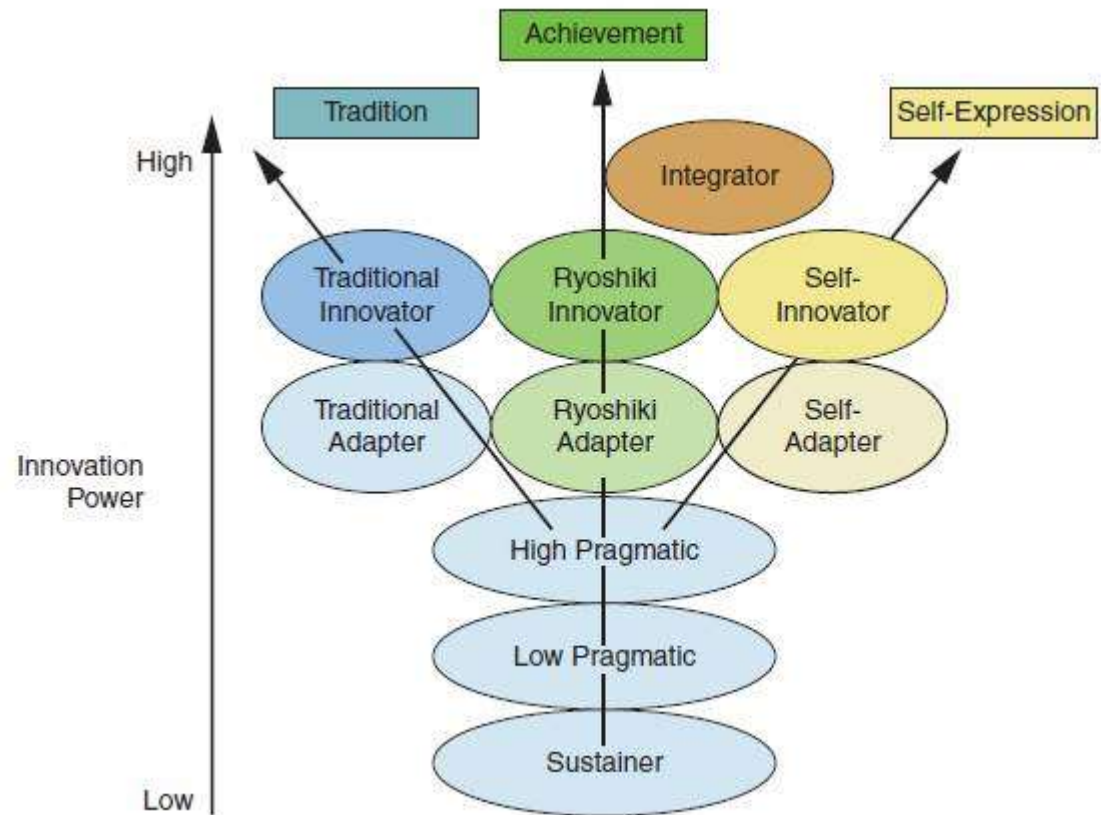
How do you think the ways Creatives are different from other teen consumers affect Creatives' consumption behaviors?

Learning Objective 13.4

13.4 To understand how to apply psychographics to segmenting multinational markets.

Psychographic Segmentation

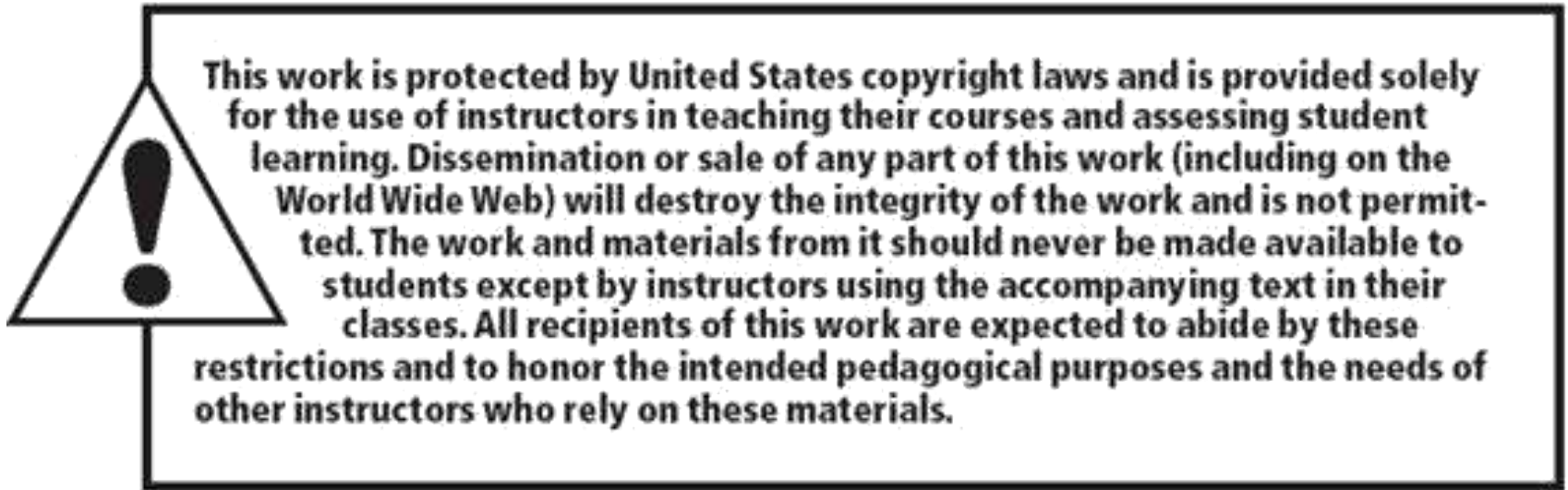
FIGURE 13.6
Japan's VALS



Six Global Value Groups

- Strivers
- Devouts
- Altruists
- Intimates
- Fun Seekers
- Creatives

Discussion Question: How do you think these global values affect consumption behavior?



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