

Cultural Effects on Consumer Behavior

A survey of purchasing behavior as affected by the values consumers learn from society

Presented By
Andrew J. Marsiglia, PhD, CCP

Introduction

- **Consumer behavior is largely dependent on cultural factors**
- **Cultural reference groups affect purchase behavior**
 - *Household influences and tendencies*
 - *Peer Groups influence*
- **Marketing communication must address cultural and reference group factors**
 - *Domestic perspective*
 - *Global perspective.*
- **Market segmentation and micromarketing to develop customer-centric marketing messages**
- **Provide precisely defined marketing communication**
 - *Provide appropriate information to consumers*
 - *Stimulate consumers to purchase*

Effects of Cultural Values In Consumer Behavior

● Characteristics of Cultural Values

- *Concept of individuality, independence, achievement, and self-fulfillment*
- *Dimensions of Culture (Hofstede, 1984)*
 - Power-Distance
 - Uncertainty Avoidance
 - Individualism
 - Masculinity

● Strategic Application of Cross Cultural & Global Influences

- *Culture has a significant effect on consumer purchasing behavior*
 - Marketing message tailored to a country's cultural dimensions
 - A person's cultural values are modified when they live in a different country
- *Micro-segmentation of consumers according to their cultural values*
 - Moderate marketing message to include specific cultural values
 - Identify cultural values of host country & country of origin

Societal Implications of Reference Groups

● Influence of Reference Groups on Consumers

- *Cultural reference groups are a micro-level perspective of specific clusters of individual people within a culture.*
 - Normative reference groups: source of a consumer's core cultural values
 - Comparative reference groups: source of a consumer's self-appraisal
- *Reference groups form the lens through which consumers view advertising messages and products*

● Strategic Application of Reference Group Influences

- *Comparative reference groups influence purchase decisions , Figure 1*
 - Luxury products – badge value items
 - Necessity products that may be used publically
- *Primary reference groups*
 - Peers Groups
 - Familial Groups

Figure 1: Decisions for Peer Group & Familial Influences

Type of Product	Reference Group	Public	Private
Luxury	Peer	<ul style="list-style-type: none"> ▪ Strong product influence ▪ Strong brand influence 	<ul style="list-style-type: none"> ▪ Strong Product Influence ▪ Weak brand influence
	Familial	<ul style="list-style-type: none"> ▪ Weak Influence 	<ul style="list-style-type: none"> ▪ Strong nuclear family influence ▪ Very strong extended family influence
Necessity	Peer	<ul style="list-style-type: none"> ▪ Weak product influence ▪ Strong brand influence 	<ul style="list-style-type: none"> ▪ Weak product influence ▪ Weak brand influence
	Familial	<ul style="list-style-type: none"> ▪ Weak Influence 	<ul style="list-style-type: none"> ▪ Strong nuclear family influence ▪ Very strong extended family influence

Source: (Childers, 1992, p. 201)

Societal Implications of Reference Groups

● Nature of Reference Groups and Web Communities

- *Physical society of people that use the Internet to access websites designed to provide information regarding specific topics and to interact with people of similar interests.*
- *Similar to reference groups in that they espouse shared values, beliefs, and interests.*
- *Divided into four basic categories based on their main functionality* *Divided into four basic categories based on their main functionality* (Assael, 2004)
 - Communities of transaction
 - Communities of interest
 - Communities of fantasy
 - Communities of relationship

Role of Households in Decision Making & Marketing Strategy

● Purchasing Patterns by Household Life Cycles

- *Life Cycle: a series of cycles from a person living on their own as a single consumer through marriage to living as an older single person.*
- *Consistent purchasing patterns relative to stage of the life cycle*
- *Household composition varies by culture*
 - **Extended family household – common in collectivistic cultures**
 - **Nuclear family households – common in individualistic cultures**
- *Joint decision making is prevalent in multi-person households*
- *The range of household life cycle stages and their effect on consumption patterns are shown in Figure 2*

Figure 2: Consumption by Household Life Cycle Stage

Product Category	Life Cycle Stage									
	Young		Young		Middle-aged		Middle-aged		Older	
	Young	Young	Married	Married	Married	Married	Middle-aged	Middle-aged	Older	Older
	Single	Married	Child <6	Child 6+	Child 6+	Child <6	Single	Married	Married	Single
		Full Nest I	Full Nest II	Full Nest III	Delayed Full Nest	Non-Traditional	Empty Nest I	Empty Nest II		
Discretionary Income	--	Increases	Declines	Declines	Increases	Increases	Variable	Increases	Declines	Declines
Home Related Category:										
Home improvement	Variable	Increase	Decrease	Decrease	Sharp Incr.	Decrease	Increase	Increase	Decrease	Decrease
Power & lawn tools	--	Increase	Decrease	Decrease	Increase	Sharp Incr.	Increase	Sharp Incr.	Sharp Incr.	Decrease
Major appliances	--	Increase	Increase	Decrease	--	Increase	--	--	--	--
Small appliances	--	Increase	Decrease	Decrease	--	Decrease	Increase	--	--	Decrease
Furniture	Increase	Increase	Decrease	Decrease	Increase	Sharp Incr.	Increase	Decrease	Decrease	Decrease
Services Category:										
Entertainment	--	Increase	Decrease	Decrease	Sharp Incr.	Increase	--	Increase	Decrease	--
Eating out	Increase	Increase	Decrease	Decrease	Sharp Incr.	Decrease	--	Increase	--	--
Insurance	--	Increase	Increase	Increase	Increase	decrease	Increase	Increase	Increase	Decrease
Travel	Increase	Increase	Decrease	Decrease	Sharp Incr.	Decrease	Increase	Increase	Increase	Decrease
Child care	--	--	Increase	Increase	Decrease	Increase	--	--	--	--
Misc. services	--	--	Decrease	Decrease	Sharp Incr.	Sharp Incr.	--	--	--	--
Other Category:										
Automobiles	Increase	Increase	Decrease	Increase	Increase	Decrease	--	Decrease	Decrease	Decrease
Men's apparel	Increase	Increase	Decrease	Decrease	Sharp Incr.	Decrease	Increase	Increase	Decrease	Decrease
Women's apparel	Increase	Increase	Decrease	Decrease	Sharp Incr.	Decrease	Increase	Increase	Decrease	Decrease
Boy's apparel	--	--	Increase	Increase	Increase	Sharp Incr.	--	--	--	--
Girl's apparel	--	--	Increase	Increase	Increase	Sharp Incr.	--	--	--	--
Infant's apparel	--	--	Increase	Increase	--	Sharp Incr.	--	--	--	--
Stereo equipment	Increase	Increase	Decrease	Decrease	Increase	Decrease	Decrease	Decrease	Decrease	Decrease
Alcohol	Increase	Decrease	Decrease	Decrease	Increase	Decrease	Increase	Increase	Decrease	Decrease
Medical	Increase	--	Increase	Increase	--	Increase	Increase	--	Increase	Increase

Sources: Wells (1966); Childers (1992)

Role of Households in Decision Making & Marketing Strategy

- **Parent vs. Peer Group Influence Among Adolescents**
 - *Parent influence and peer group influence on adolescent purchase decisions is affected by*
 - Type of purchase - private verses public
 - Type of household - nuclear or extended
 - *Purchase effect by cultural group*

Cultural Group	Degree of Purchase Influence by Group	
	Public Use Product	Private Use Product
Peer Group	High	Low
Nuclear Family	Low	High
Extended Family	High	High

Role of Households in Decision Making & Marketing Strategy

● Societal Implications of Household Influences

- *Advertising to children has been subject to scrutiny for years due to the possibility of harmful societal effects on child viewers.*
- *Advertising to children involves four major issues:*
 - Is advertising to children inherently unfair?
 - Does advertising to children cause them to make poor consumer choices?
 - Is parent-child conflict increased because of advertising to children?
 - Does advertising have a negative effect on children's socialization?

Merits & Demerits of Word-of-Mouth Communications

● Nature of Word-of-Mouth (WOM) Communication

- *WOM is a verbal form of interpersonal communication*
 - Convey information to and within cultural reference groups
 - Influences or informs members of the groups
- *Occurs within a person's reference groups as well as between reference groups*

● Strategic Application of WOM Communication

- *Adjust marketing message relative to cultural dimensions, Figure 3*
- *Being aware of the cultural dimensions that are most favorable for WOM marketing may assist marketers in applying an appropriate strategy for stimulating product awareness.*

● Strategic Application of Diffusion Theory

- *Spread marketing information across a large number of reference groups*
 - Encourage product adoption
 - Encourage continuous use of specific products.
- *Rate of diffusion affected by cultural influences*

Figure 3: Tendency to Engage in WOM Communication

Cultural Effect on WOM Communication

	Masculinity		Individualism		Power Distance		Uncertainty Avoidance	
	High	Low	High	Low	High	Low	High	Low
OUT Group	More Likely	Less Likely	Little Impact	Little Impact	Less Likely	More Likely	Little Impact	Little Impact
IN Group	More Likely	More Likely	Little Impact	Little Impact	More Likely	More Likely	Little Impact	Little Impact
Representative Countries	Japan	France	USA	Venezuela	Philippines	Austria	Greece	Singapore
	Venezuela	Spain	Australia	Singapore	Mexico	Israel	Portugal	Denmark
	Mexico	Portugal	Great Britain	Mexico	India	Sweden	Japan	Sweden
	USA	Sweden	Sweden	Greece	Singapore	USA	Mexico	USA

Adapted from Lam, 2005

Market Segmentation and Marketing Communication

● Market Segmentation and Micromarketing

- *Divide markets into homogeneous groups that have*
 - Similar cultural and demographic background
 - Similar product consumption needs
- *Develop customer-centric advertising that focus on*
 - Benefits segmentation
 - Behavior segmentation
 - Segmentation by response elasticity
- *Goal of market segmentation and micromarketing*
 - Provide precisely defined marketing messages
 - Satisfy consumer's need for personal information regarding products and services

Market Segmentation and Marketing Communication

● Marketing Communication Processes

- *Process and methods used by marketers to convey the message of their product and benefits to consumers*
- *Five fundamental components of the marketing communication process (Assael, 2004):*
 - The source of the message
 - Encoding the message
 - Transmission of the message
 - Decoding the message
 - Feedback to marketers

● Societal Implications of Marketing Communication

- *Deceptive Advertising*
- *Irresponsible Advertising*
- *Excessive advertising*
- *Legal remedies*

Summary

- **Cultural Values** have a Direct Effect on Consumer Behavior
- Cultural reference groups effect social and consumer behavior
- Consumer decision making is affected by household type
 - *Purchase patterns by lifecycle stage*
 - *Parent vs. peer group influences*
- **Word-of-Mouth Communication** is an efficacious marketing tool
 - *Cultural dimension effects*
 - *Negative & positive messages*
 - *Diffusion effects*
- **Marketing segmentation and micromarketing**
 - *Customer-centric rather than product-centric*
 - *Personalized marketing communication*

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