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## Does culture matter to Chinese consumers? Empirical evidence

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## ABSTRACT

The purpose of the paper is to explore the issue of regional cultural differences within China and their potential impact, if any, on consumers' purchasing decisions. It examines, firstly, if there are any significant cultural differences among Chinese consumers in different regional locations in China. Secondly, it examines if there are any significant differences in product evaluation behaviours among these groups, and, thirdly, it examines whether these differences, if any, in product evaluation behaviours, can be linked to regional cultural differences. The study reports a survey of consumers in three regional Chinese cities (Shanghai, Chongqing and Hong Kong) and measures of differences in cultures and product evaluation behaviour. Results indicate that, for the product bundles studied, groups of Chinese consumers displaying differences in Hofstede's cultural dimensions do *not* differ significantly in their product evaluation processes.

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## CHINESE ABSTRACT

本论文的目的在于探讨中国各地区的文化差异及其对消费者购买决策的潜在影响。首先要探讨的是，中国不同地区消费者所处的位置是否有任何显著的文化差异；其次要探讨的是，这些人群对产品评价行为有什么明显的差别；第三要探讨的是，这些产品评价行为的差异是否可以链接到地区文化差异。该研究报告了在三个地区内的中国城市（上海、重庆和香港）进行的调查和对文化和产品评价行为差异的测量。产品调查结果表明，中国消费者群体在霍夫斯泰德的文化维度方面显示的差异，在其产品评价进程中，并没有显著的不同。

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## 1. Introduction

The field of international marketing relies for its existence on the premise that significant differences exist between marketing in the “home” and “foreign” countries, typically based on differences in the behaviour of buyers or consumers and/or selling firms. (After all, if no differences exist, the study of international marketing would be arguably superfluous.) When studying business buying behaviour, differences between home and foreign country buyers and their behaviour are typically explained by differences in structural, economic and institutional factors. In contrast, when significant differences are found to exist between the behaviour of consumers in the home and foreign country, then such differences are often explained in terms of differences in culture. Conversely, when no such significant differences are observed, then this is often cited as evidence of the effect of “cultural convergence” (i.e. that the dif-

ferences between cultures are not significant and diminishing). A further, and related, issue is that differences in consumer behaviour and culture are commonly measured at the national level and thus, any significant differences are inferred to exist between countries. It could be argued that “between country” differences are sufficient for most theoretical and practical purposes, especially when comparing culturally homogeneous countries. However, for large and/or culturally diverse countries, such as China, there may be significant “within country” differences in cultures which may, in turn, result in significant differences in consumer behaviour.

Against this background, the current study considers three related questions. Firstly, it examines if significant cultural differences exist between consumers in different regions of China. Secondly, it examines if differences exist in the product evaluation processes of consumers in these different regions. Thirdly, and if such differences exist, it examines the question of whether or not such differences in cultural orientations are associated with differences in product evaluation processes; that is, whether the cultural differences might account for the differences in the consumers' product evaluations.

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## 2. Literature review

### 2.1. The impact of culture

The impact of culture and cross-cultural study has been extensively discussed and researched in marketing and management literature. In general, in the context of cross-cultural consumer behaviour, it can be argued that there are two opposing schools of thought. The first argues that the differences in cultural factors do *not* generally exert a significant influence on consumer behaviour (Bannister and Saunders, 1978; Dawar and Parker, 1994; Douglas and Craig, 1992; Levitt, 1983). This is often generalised as the trend towards “cultural convergence” i.e. that cultural differences generally, and differences in consumer behaviour between cultures, in particular, are not significant and are being eroded over time. Such convergence in consumer behaviour is generally attributed to the effects of global marketing activities. These effects may include the penetration of mass communication campaigns, multi-national and global distribution, the adoption of advanced telecommunication technology, and formation of international strategic alliances. Following this argument, the effects of differences in languages, educational institutions, customs, and other culture-specific factors are swamped by the converging forces of mass media advertising, information technology and globalisation (Levitt, 1983). For example, in this context, Zhang (2010) provides evidence of the emergence of growing “individualism” among younger Chinese consumers, in contrast to the “collectivism” of older generations, largely driven by exposure to globalisation, modern mass communications and marketing. The argument for convergence suggests that marketing “universals” usually outweigh the influence of cultural differences. Marketing universals are “segment- and product-specific consumer behaviours that are invariant across cultures or countries” (Dawar and Parker, 1994, p. 81). There is thus evidence that, at least for certain product categories, such as those high in “search” qualities (Zeithaml, 1981), the use of brand, price, retailer reputation, and physical product appearance as quality signals may be universal in existence, and important across different cultures. Dawar and Parker (1994) argued that culture or country boundaries are therefore not good segmentation criteria for quality signal use behaviours.

The second, and contrary, school of thought argues that the differences in consumer behaviour across different cultures are important and increasing (Boddewyn, 1981; Fisher, 1984; Fournis, 1962). This argument is supported by a range of studies. It is argued, for example, that culture influences the adoption of new products (Yeniurt and Townsend, 2003). There is also extensive evidence from cross-cultural COO studies that consumers’ attitudes towards foreign products differ between various countries (Bagchi et al., 2004; Cattin et al., 1982; Darling and Kraft, 1977; Honold, 2000; Nagashima, 1970; Papadopoulos et al., 1990; Shaw and Clarke, 1998). Proponents of this argument point to increasing diversity in consumer preferences both within and between countries, especially large and diverse countries such as China.

A third (“middle road”) possibility can also be identified; namely, that the effect of cultural differences on consumers’ purchase behaviour may be contingent on a number of other factors. In the context of this study, it could be crucially dependent on the product category or categories, or the particular cultures, selected for study. For example, Chinese consumers have been documented to differ significantly from consumers in other countries for certain product categories, such as “green” products (Chan, 2001; Chan and Lau, 2002), “pirated” software (Wang et al., 2005) and mobile technologies (Park et al., 2007). Similarly, Mok and Defranco (2000) found that Chinese cultural values significantly influence the Chinese consumers’ tourism and travel choices. Wang et al. (2010) found that Chinese consumers’ “outshopping” (i.e. patronising retailers when travelling outside China) behaviours could be linked to culture. Thus,

following this argument, cultural differences may, or may not, explain differences in consumers’ decision making and/or consumption behaviours, depending upon the particular co-variables chosen for study. Accepting this argument, the emphasis in research will shift towards understanding, for example, the identification and/or categorisation of products for which differences in consumer attitudes or consumption behaviours would, or would not, differ significantly between cultural groups. In particular, for which products, or categories of products, is consumer behaviour culturally-dependent? This appears to be an important but, as yet, relatively unexplored research question.

### 2.2. Product evaluation processes

Over the past 30 years, a great deal of research has been done in studying the role and influence of a range of information cues used by consumers in evaluating products (Ahmed and d’Astous, 1996, 2008; Erevelles et al., 1999; Li et al., 1997; Olson and Jacoby, 1972; Samiee, 1994; Schooler, 1965; Szybillo and Jacoby, 1974; Tellis and Gaeth, 1990; Zeithaml, 1988). Consumers commonly judge the quality of a product or service on the basis of multiple informational cues (Schiffman et al., 2011). Fundamentally, information cues can be categorised into two major types: intrinsic and extrinsic cues (Jacob et al., 1977; Olson and Jacoby, 1972; Szybillo and Jacoby, 1974). Intrinsic cues are information directly associated, or inextricably linked, with the physical characteristics of a product such as product design, quality, colour, size, taste or aroma (Schiffman et al., 2011). On the other hand, extrinsic cues are information indirectly associated with a physical product, but readily observable, such as country-of-origin, brand name, price, style and warranty. These intrinsic and extrinsic cues, either jointly or separately, provide the basis for the perceptions of product quality (Schiffman et al., 2011). Typically, it is presumed or argued that consumers use observable, extrinsic cues, such as brand names or price, to infer intrinsic, and less readily discernible, cues or attributes, such as product quality. Because of the multiplicity of intrinsic and extrinsic cues, the task of inferring or predicting consumers’ evaluation processes and their outcomes is thus often difficult and unreliable.

Despite these challenges, the current research seeks to explore the relationship between Chinese consumers’ culture(s) and their product evaluations in relation to the extrinsic product attributes of country-of-origin, brand and price. The potential influence of these individual attributes on consumers’ judgements has been extensively researched. In fact, Dawar and Parker claim that “brand” and “price” are cultural universals in consumers’ product evaluation processes (together with retailer reputation and appearance) (Dawar and Parker, 1994). A review of this literature follows.

### 2.3. Country of origin

One widely discussed product cue is that of “country-of-origin” (COO hereafter). This cue is especially relevant for consumer decision-making and, conversely, it is less salient for business buyers (Chen et al., 2011). When consumers make use of COO as an information cue to assess the quality of a product, and ultimately affect the purchase decision for that product, this phenomenon is referred to as the COO effect. Since Schooler’s pioneering (1965) work, many studies have demonstrated that consumers have different perceptions of otherwise similar products made in different countries (Amine et al., 2005; Balabanis and Diamantopoulos, 2004; Insch and McBride, 2004). Most commonly, the COO effect is manifested in a preference for products made in the home country (Verlegh, 2007). COO is argued to be closely linked to “country image” (Pereira et al., 2005). In this context, goods manufactured in China are almost universally perceived to be of lower quality and, thus, to sell at a discount (Drozdenco and Jensen, 2009). More generally, willing-

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