



# The Lexus or the olive tree? Trading off between global convergence and local divergence

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## ARTICLE INFO

### Article history:

First received in March 10, 2009 and was under review for 5 1/4 months

Area Editor: Zeynep Gurhan-Canli

### Keywords:

Consumer behavior  
Cross-cultural and international marketing  
Public policy  
Latent class models  
Network analysis

## ABSTRACT

To operate effectively in global markets, marketing managers need to understand that consumer response to globalization may be more complex than is commonly assumed. We examine a proposed conceptual framework to describe consumers' responses to globalization through a cross-national survey on consumer support for a pan-European government policy aimed at countering global convergence by preserving local cultural divergence. We find that consumer support for the policy increases with beliefs about the policy's efficacy in preserving the authenticity of cultural products and protecting their local economic production structures, while it decreases with beliefs about policy-induced price increases. The national cultural values of individualism and masculinity influence this tradeoff between cultural and economic considerations. These findings are further corroborated by secondary data on 22 EU countries.

Published by Elsevier B.V.

"It struck me then that the Lexus and the olive tree were actually pretty good symbols of this post-Cold War era. Half the world seemed to be emerging from the Cold War intent on building a better Lexus, dedicated to modernizing, streamlining and privatizing their economies in order to thrive in the system of globalization. And half the world—sometimes half the same country, sometimes half the same person—was still caught up in the fight over who owns which olive tree." (Friedman, 1999, p. 27).

## 1. Introduction

As the above citation suggests, consumers seem to either embrace or oppose globalization (Went, 2004). Often, consumers who embrace globalization are typified as individuals who support integrated production structures and systems that promote global convergence to enjoy its attendant economic benefits, as symbolized by the Lexus (Marsh, 2007; Turner, 2003). Those who oppose globalization are characterized as individuals who support indigenous companies,

products, brands, and policies that preserve local cultural divergence, as embodied by the olive tree (Herkenrath, König, & Scholtz, 2005).

A growing body of literature suggests that consumer response to globalization may be less dichotomous and more varied than previously assumed (Alden, Steenkamp, & Batra, 2006; Boli, 2005; Canclini, 1995; Held, McGrew, Goldblatt, & Perraton, 1999). Consumers are hybridizing (Holton, 2000), glocalizing (Turner, 2003), or creolizing (Friedman, 1990) global and local cultural influences, which results in unique outcomes in different geographic areas (Ritzer, 2003). It is critical for international marketing managers to understand how consumers tradeoff between global convergence and local divergence (Cleveland & Laroche, 2007; Roth, 1995). Nevertheless, the predominant approach to studying consumer responses to globalization remains unilateral, without accounting for the possibility that consumers may embrace both the Lexus and the olive tree. Research that has examined this dialectical response has primarily provided qualitative, sociocultural accounts (Wilk, 1999). Systematic, empirical research that provides an overarching framework for describing consumers' dialectical responses to globalization is scarce (Cleveland & Laroche, 2007).

In an effort to broaden our understanding of this phenomenon, we propose an integrative approach that draws insights from multiple, often opposing theories. We adopt the theoretical lens provided by globalization and modernization theories (Bell, 1996; Ritzer, 1993), and discourses on local divergence (Featherstone, 1991; Giddens, 1991) and global-local hybridization (Boli, 2005; Canclini, 1995; Hannerz, 1990). The outcome is an integrative framework that suggests that consumers tradeoff the cultural and economic consequences of supporting local divergence for the economic and cultural consequences of promoting global convergence.

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<sup>1</sup> We thank Math J.J.M. Candel, Bertil Sylvander, Bernard Lassaut, Andrew Fearné, Natasha Wilson, Dominique Barjolle, Martine Dufour, Jean-Marc Chappuis, Kees de Roest, Franco Torelli, Alexandra Vakrou, Konstantinos Mattas, and Christos Fotopoulos for their help during the earlier stages of this research. We further thank Elif Izberk Bilgin, James Burroughs, Ashutosh Patil, and Aric Rindfleisch for their helpful comments. Finally, we thank the editor, Donald R. Lehmann, the Associate Editor, and the reviewers for their constructive feedback and support of our research.

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Instead of assuming that consumer response to globalization represents a stable personality trait (Alden et al., 2006; Cleveland & Laroche, 2007), our framework implies that a consumer may oppose globalization by preserving local divergence in one context and support globalization by promoting global convergence in another. In order to account for potential geographic differences in consumer responses to globalization (Ritzer, 2003), we propose that this tradeoff may be influenced by national cultural values. Such understanding is critical in determining the focus on the global versus local aspects of branding and advertising strategies for multinationals operating in different geographic markets (Dekimpe & Lehmann, 2004; Gielens & Steenkamp, 2007; Lemmens, Croux, & Dekimpe, 2007; Roth, 1995; Zhang & Khare, 2009).

We empirically examine the proposed framework through multiple cross-cultural data sources that include focus group interviews, a survey study, and secondary data compiled by the *Eurobarometer*. We find that consumer support for a pan-European government policy (aimed at countering global convergence by protecting local *cultural products* from large commercial companies) depends on consumers explicitly trading off the economic benefits of opposing the policy (promoting global convergence) against the cultural benefits of supporting it (preserving local divergence). Furthermore, this tradeoff is influenced by the national cultural values of individualism and masculinity.

## 2. Consumer response to globalization

### 2.1. Preserve local divergence

The process of globalization has often been criticized for its homogenizing influence (Levy, 1966). The appearance of global brands is perceived to threaten cultural boundaries, assimilating tastes and preferences (Alden et al., 2006; Belk, 1996). Furthermore, global brand entries often displace indigenous products, hurting local economies, limiting consumer choices, and reducing cultural diversity and consumer options in preserving their cultural identity (Giddens, 2000). Consumers may support local divergence to preserve their cultural identity and to support the local economy.

Debates on globalization have been focused on the struggles between such forces of convergence and the desires of indigenous cultures to retain their traditional ethnic and religious identities, hence preserving local divergence (Barber, 1995; Friedman, 1999). *Local cultural products* often serve to reactivate declining traditional ties and offer new channels of solidarity and identification among their supporters (Anderson, 1991; Featherstone, 1991). Furthermore, they are often important drivers of local economies (Brouwer, 1991; Van Ittersum, Candel, & Meulenberg, 2003).

### 2.2. Promote global convergence

The very integration of global structures and systems that threatens local divergence also offers economic benefits, such as “cheap transportation and communications, standardized ontologies and values [that allow for and] encourage the flow of people, goods, and information to all parts of the globe” (Boli, 2005, p. 397). Economists, in particular, tend to emphasize and favor the economic benefits associated with globalization (Bell, 1996; Friedman, 1999; Huntington, 1997).

In the context of marketing, globalization contributes to the availability of foreign products and brands that would otherwise not have been available at affordable prices (e.g., Strizhakova, Coulter, & Price, 2008). The increase in foreign competition also stimulates domestic companies to market their products competitively, thus enabling consumers to purchase and experience both foreign and domestic products at affordable prices (Boli, 2005; Dawar & Frost, 1999; Ger & Belk, 1996). Globalization thus provides economic

benefits by assuring affordable prices, but it also yields cultural benefits, as foreign products may enrich the cultural experience of individual consumers (Guillen, 2001; Held et al., 1999), something often ignored in the literature.

### 2.3. Trading off local divergence and global convergence: An integrative approach

While there is much empirical evidence for the validity of both positions in explaining consumer responses to globalization, there is a growing realization that neither position in and of itself can explain what may best be labeled as “cherry-picking” behavior of consumers (Alden et al., 2006; Boli, 2005; Held et al., 1999). We propose that such responses can best be understood by integrating insights from both positions and by acknowledging the cultural *and* economic consequences associated with each perspective. More specifically, we propose that consumers make purposeful tradeoffs between the cultural and economic consequences of preserving local divergence and promoting global convergence by cherry-picking between mass-produced global products and authentic local cultural products (see Fig. 1).

Although discussions about glocalization and hybridization of consumer products are not new, empirical research examining consumers making such tradeoffs remains scarce (see Zhang & Khare, 2009 for an exception). Thus far, extant research tends to view consumers' responses to globalization as a static trait that can be used to classify consumers (Alden et al., 2006; Strizhakova et al., 2008). Instead, we propose that consumers actively tradeoff between globalized and localized product offerings, sometimes favoring the global, at other times the local. This approach may also help international marketing managers decide whether to position their brand as a global brand or as part of the local culture in different countries (Alden, Steenkamp & Batra, 1999).

### 2.4. National cultural values

The cross-cultural nature of the process of globalization makes national cultural values a logical factor for our inquiry. Furthermore, it may help to explain geographic differences in consumer response to globalization (Ritzer, 2003). National cultural values, long recognized as key context-specific variables that exert systematic influences on consumer values (Lynn, Zinkhan, & Harris, 1993), have been shown to influence impulsive consumption (Zhang & Shrum, 2009) and customer satisfaction (Van Birgelen, de Ruyter, de Jong, & Wetzels, 2002). Similarly, we expect that national cultural values also influence cross-country variations in the tradeoffs between the cultural and economic consequences of promoting global convergence and preserving local divergence, and thus influence consumer responses to globalization.

Preserving local divergence needs to be accomplished through the collective, and will only succeed when the goal of doing so is sufficiently valued by society. There is some evidence to suggest that countries are not likely to view the cultural and economic consequences of globalization equally (Friedman, 1999; Tse, Belk, & Zhou, 1989). Italy, for instance, a country that scores high on masculinity, is one of the most protectionist countries in Europe, while the less masculine country of the Netherlands is considered one of the least protectionist countries in Europe (Woolcock, 2005). This may also explain why the two countries differ in their attitudes towards the pan-European policy aimed at protecting cultural products (Brouwer, 1991), which will be discussed in the next section. In light of these differences, it is important to explore how national cultural values influence some countries to be more protective of their cultural identity while leading others to fully embrace globalization.

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