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Do Cultural Differences Really Matter in Consumer Behaviour? Chinese Evidence

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Abstract

This paper explores the relationship between product evaluation processes and the cultural orientations of consumers from different regions of China. Specifically, it examines, firstly, if differences exist in the cultural orientations of consumers from different regions of China and secondly, if the differences in cultural orientation among Chinese consumers are associated with differences in product evaluation processes. From a sample of consumers in three Chinese locations (Hong Kong, Shanghai and Chongqing), groups displaying varying levels on Hofstede’s cultural indices were examined for differences, if any, in their product evaluation processes. Results indicate that groups of Chinese consumers displaying differences in Hofstede’s cultural dimensions do not differ significantly in their product evaluation processes.

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 existed, the study of international marketing would be largely superfluous.) More generally, the argument for “cultural convergence” (ie that the differences between cultures are diminishing) runs contrary to the previous proposition. If “cultural convergence” is truly occurring, then, the need for the study of international consumer behaviour will diminish.

This study, which is part of a larger study (Tam and Elliott 2006a, and 2006b) considers two related questions. Firstly, it examines if significant cultural differences exist between consumers in different regions of China. Secondly, if such cultural differences exist, it examines the question of whether or not such differences in cultural orientations are associated with differences in product evaluation processes.

The Impact of Culture

The impact of culture and cross-cultural study have been thoroughly 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, Levitt 1983, Douglas and Samuel 1992, Dawar and Parker 1994). This is often generalized 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 including the penetration of global mass communication campaigns, multi-national and global marketing, the adoption of advanced telecommunication technology, and so on.
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 and globalized market competition (Levitt 1983). 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 et al. 1994, p.81). There is evidence that, at least for certain product categories, the use of brand, price, retailer reputation, and physical product appearance as quality signals may be universal in existence, relative importance, and absolute importance across different cultures. Dawar et al (1994) argued that culture or country boundaries are therefore not good segmentation criteria for quality signal use behaviours.

The second, 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. Of relevance is extensive evidence from cross-cultural COO studies that consumers’ attitudes towards foreign products differ between various countries (Darling and Kraft 1977, Cattin, Jolibert and Lohnes 1982, Nagashima 1970, Papadopoulos, Heslop and Beraces 1990).

**Product Evaluation Processes**

Over the past 30 years, a great deal of research has been done in studying the role and influence of information cues used by consumers in evaluating products (Schooler 1965; Olson and Jacoby 1972, Szybillo and Jacoby 1974, Zeithaml 1988, Tellis and Gaeth 1990, Samiee 1994, Ahmed and d’Astous 1996, Li, Fu and Murray 1997, Erevelles, Roy and Vargo 1999). Consumers often judge the quality of a product or service on the basis of multiple informational cues (Bednall, Schiffman, Watson, and Kanuk 1997). Fundamentally, information cues can be categorized into two major types: intrinsic and extrinsic cues (Olson et al. 1972, Szybillo et al. 1974, Jacob, Szybillo, and Schach 1977). Intrinsic cues are information directly associated, or inextricably linked, with the physical characteristics of a product such as product design, style, colour, size, or aroma (Bednall et al. 1997). On the other hand, extrinsic cues are information indirectly associated with a physical product such as country-of-origin, brand name, price, warranty and word-of-mouth. These intrinsic and extrinsic cues, either jointly or separately, provide the basis for the perceptions of product and/or service quality (Bednall et al. 1997). 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 develop a product evaluation model which incorporates, *inter alia*, country-of-origin, brand and price. The potential influence of these variables on consumers’ judgements has been extensively researched although a review of this literature is beyond the scope of this paper.
The Current Study

Objectives

The focus of this paper is to examine the relationships, if any, between these independent but related sets of findings; in particular, to examine if differences in product evaluation behaviour can be linked to the differences in cultural orientations. The current study seeks to answer two explicit questions by examining consumers’ product evaluation processes across different regions of China. It firstly explores whether it is possible to identify differences in culture between different regions in China. In a previous paper, (Tam and Elliott, 2006b), found that, indeed there exist significant differences in the product evaluation processes among consumers in different regions of China (specifically Hong Kong, Shanghai and Chongqing). This result echoed the findings of Au (1999) who studied “intra-cultural variation” across 42 cultures. Secondly, this paper examines if the differences in cultural orientations (if any) can be linked to the differences in product evaluation behaviour. Therefore H1 is proposed:

H1: There are differences between Chinese groups in their regional cultures.

If H1 is supported, then H2 is proposed:

H2: There are differences between Chinese groups of different cultures in their product evaluation characteristics.

Methodology

To answer these (and other) research questions, sample survey research was conducted in three Chinese regional locations, namely, Hong Kong (SAR), Shanghai and Chongqing. These three locations were chosen as representative of different points along a notional “Traditional/Chinese” to “Modern/Western” continuum. It was felt that these three locations would provide a sufficiently wide range of responses as to answer whether, or not, there exist any significant differences in the product evaluation behaviours of consumers in these three diverse locations. For hypothesis H1, the hypothetical product chosen was domestic air conditioners, of Samsung (South Korea) and Midea (China) brands, made in China or South Korea and at high and low price levels. Both brands of air-conditioners are available in all three Chinese locations. The choice of domestic air-conditioners was made carefully as the study sought to focus on a relatively high-involvement product, but also one which was within the purchasing power of a broad cross-section of Chinese consumers. Similar published studies have used cars (e.g. d’Astous and Ahmed 1992, Schaefer 1997) and televisions (e.g. Andaleeb 1995, Kim and Pysarchik 2000, Hamin and Elliott 2006), but, in this case, it was felt that cars would not be within the purchasing power of the majority of respondents. Conversely, televisions are probably almost universal in China which would have made the purchase scenarios unrealistic (e.g a high priced Midea television made in Korea). A further reason to choose air-conditioners is the importance of selecting a gender-neutral product (Hong and Toner 1989). The limitations imposed by such artificial scenarios are, however, acknowledged.

To test the hypothesis that differences in cultural orientations are associated with differences in product evaluation processes the study employed the familiar four-dimensional model of culture pioneered by Hofstede, (1980), although, for this study, the four dimensions of “Power Distance” (PDI), “Uncertainty Avoidance” (UAI), “Individualism” (IDV) and “Masculinity” (MAS) were supplemented by the fifth dimension of “Long Term Orientation” (LTO), developed by Bond and Hofstede (1988, 1989). This LTO was incorporated as it has
been proven to be an important, independent dimension, particularly in Asian cultures. This study employed Hofstede’s (1997, 2001) VSM94 instrument.

**Sample size**

In order to infer significant differences between each of the factorial combinations of hypothetical products, a minimum quota of thirty respondents per cell was specified. A total of 795 responses were obtained by the combination quota/convenience sampling. This sample size was also deemed sufficient to reveal significant differences, if any, in the cultural dimensions between the three Chinese locations, and also to test for demographic covariates such as age, gender, occupation and education. Interviews were conducted face-to-face in suburban shopping malls in each of Shanghai, Chongqing and Hong Kong.

**Results**

It was established, firstly, that, in fact, there are differences in the cultural orientations of consumers in these locations (Table 1). For three of Hofstede’s (1908) and Hofstede and Bond’s (1988) five cultural dimensions, namely “Power Distance”, “Uncertainty Avoidance” and “Long Term Orientation”, there were significant differences between consumers as a group from the three locations. For the remaining two dimensions of Hofstede, namely “Individualism” and “Masculinity”, the differences between the three locations were not significant. In a strict sense, since the differences in IDV and MAS were not significant, results might be described as “mixed”; nevertheless, it can be concluded that, because of the significant differences in three of the five cultural dimensions, the hypothesis “H1: There are differences between Chinese groups in their regional cultures” is supported.1

<Table 1: Cultural Indices Scores by Location has not been included due to space constraints but is available from the authors>

For H2, the five dimensions of cultural orientation are tested for their association with the six product evaluation variables. ANOVA tests were carried out with each of the six product evaluation variables tested as a criterion variable with each of the different cultural groups treated as the predictor variable. To test this hypothesis required analysis of the differences between four groups of consumers (ie low, medium-low, medium-high and high) in each of the five cultural dimensions (i.e. PDI, UAI, IDV, MAS and LTO) in the six aspects of their product evaluation processes (i.e. total COO attitude, total brand attitude, total price attitude, total perceived product quality, total product attitude and purchase intention). The terms “total COO attitudes”, “total brand attitudes”, etc are used in the above hypotheses to signify that multiple item scales were used to construct composite measures. This design therefore seeks to examine if groups displaying differences in each of the five dimensions of culture also display significant differences in their product evaluation processes.

For H2 (Table 2), ANOVA results indicate no significant differences among the five cultural groups for each of the six product evaluation variables at a level of 0.05. Therefore, the hypothesis H2, that there are differences between Chinese groups of different cultures in their product evaluation characteristics is generally rejected. Thus, Chinese consumers of different cultural orientations generally do not generally differ significantly in their product evaluation.

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1 The conclusion can, perhaps, be restated more strictly as “H1: There are differences between Chinese groups in specific dimensions of their regional cultures” is supported.1
processes. The fact that there are significant differences in regional cultures between the three locations but that these differences are not associated with differences in product evaluation suggests that other factors might contribute to differences in product evaluation. In this case, in ANCOVA analysis not reported here, a range of possible covariates, namely, age, length of residence, education level and occupation were tested but none was found to be significant.

<Table 2: Association between Cultural Dimensions and Product Evaluation Variables has not been included due to space constraints but is available from the authors>

Conclusions and Implications

From the above results, it can be concluded that there are some significant differences in cultural orientation among the three Chinese locations, but that these cultural differences between consumers do not generally explain the differences in product evaluation. This result is, perhaps, surprising as it runs contrary to the basic premise of cross-cultural research, namely, that cultural differences exist and that these differences would be expected to influence the consumer behaviour of different cultural groups. On the face of it, these findings provide mixed results in relation to the “cultural convergence” (Ferraro 2006, De Mooij 2004) argument. On the one hand, it was found that significant differences in culture exist between the three regions of China. On the other hand, these differences in culture cannot be linked to differences in product evaluation behaviours; at least as measured in this study.

Prima facie, these findings and the results of structural equations modelling (not discussed here) suggest that consumer behaviour may be converging around a common model in which the purchase outcomes are determined by a range of co-variates (frequently demographics), but not Hofstede’s cultural dimensions. This finding challenges a basic tenet of international marketing and cross-cultural consumer behaviour i.e. that cultural differences will significantly influence purchase outcomes. Of course, such a conclusion needs to be supported by more evidence but, notwithstanding, these results are noteworthy and, potentially at least, profound.

While potentially significant, it should also be acknowledged that these results may be purely artefactual. Several limitations are acknowledged. In particular, the use of Hofstede’s typology can be seen, in hindsight, to less-than-ideal. Hofstede’s typology was selected as it represents the most widely researched and accepted cross-cultural typology and also because it incorporates a Chinese-oriented “emic” (e.g. Traindis 1972, 1992; Sue 1983; Berry, Poortinga, Segall, and Dasen 1992) dimension, ie “long term orientation”. Nevertheless these results and further analysis (not reported here) of the underlying factor structure of Hofstede’s instrument give cause for concern. Furthermore, is also acknowledged that the focus of Hofstede’s research was IBM workplace culture, from which he and others have extrapolated to draw sweeping conclusions regarding national cultures. These results suggest that use of alternative cross-cultural consumer values scales such as those of Singelis, Triandis, Bhawuk and Gelfand (1995), Shim and Eastlick (1998) or Kahle (1983) may have lead to a different conclusion.

Beyond the use of Hofstede’s instrument, the choice of a consumer durable product ie domestic air-conditioners, may have also influenced the findings and conclusions. It could be argued that consumer durable products such as cars, televisions or air-conditioners may be “culture free” in a way that some consumer non-durables such as food and clothing and
intangible products such as entertainment may be “culture-dependent”. Thus, because the entire world prefers Sony televisions and Mercedes-Benz cars, does not suggest that there are no important cultural differences in consumers’ product evaluation behaviours. In similar vein, the locations in China chosen for study (Hong Kong, Shanghai and Chongqing), though relatively diverse in geographical and historical terms, are nevertheless majority ethnic “Han” Chinese cities, thus potentially “washing out” gross differences in culture.

Notwithstanding the shortcomings in the design and execution of this study, the conclusion is nevertheless provocative and suggests further fruitful lines of enquiry for marketing researchers. While it makes little sense to replicate this study, on the basis of these findings, there is certainly justification for extending the approach to other geographies and product categories and for comparing results using Hofstede’s and other instruments to measure international consumer culture. While it is axiomatic that culture is important in international marketing and in international consumer behaviour, agreement on its exact meaning, measurement and mechanism remains problematical.
Bibliography


