

Cultural Differences and The Global Consumer

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I. Introduction

de Mooij (2004:4) noted that scholars have described global culture "as the process of global comprehension whereby the world becomes united to the extent that it is regarded as one singular place." A related concept is global market which was introduced by Levitt (1983:92) who said "[a] powerful force drives the world toward a converging commonality...The result is a new commercial reality – the emergence of global markets for standardized consumer products ...Gone are accustomed differences in national or regional preference." These concepts suggest a global cultural leading to a global set of cultural values, rituals and beliefs, and convergence with respect to consumption patterns and practices.

However, de Mooij (2004:5) argued "[t]here are a limited number of global products and global brands, and there are no global consumers." She suggested "[g]lobal homogeneous markets exist only in the minds of international marketing managers and advertising people. Even people with similar lifestyles do not behave as a consistent group of purchasers because they do not share the same values" (p. 9).

The questions before us are whether the world is becoming culturally homogeneous which leads to the homogenization of global consumption, or whether the world is remaining culturally diverse which leads to heterogeneous consumption and diverse behaviors across cultures. Two research activities are examined for answers to these questions. One research activity is Dr. Jayoung Choi's Ph.D. dissertation at The Ohio State University which is reported in Choi and Geistfeld (2004). The other research activity is work by Dr. Mi Sook Lee while a visiting scholar at The Ohio State University. This research, which is currently under review, is reported in Lee et al. (in review).

II. Cultural Differences

Triandis (1972) suggested the existence of two types of culture: physical culture consisting of a society's infrastructure such as highways, communication systems, and markets; and subjective culture reflecting cognitive structures such as beliefs, values, attitudes, roles, and norms that affect human behavior. Hofstede (2001:9-10) focused on subjective culture when he noted

that culture is “the collective programming of the mind that distinguishes the members of one group or category of people from another---systems of values are a core element of culture.” Hofstede (2001) identified five basic cultural dimensions: individualism-collectivism, uncertainty avoidance, long-versus short-term orientation, power distance, and masculinity-femininity. The first three cultural dimensions are examined in greater detail.

Hofstede (1991: 51) noted that “[i]ndividualism pertains to societies in which the ties between individuals are loose. Everyone is expected to look after himself or herself and his or her immediate family. Collectivism pertains to societies in which people from birth onwards are integrated into strong, cohesive ingroups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty.” Weber and Hsee (1998) suggested that individuals from a collectivist culture may be risk seeking because family and ingroup members are expected to help a person with stand the negative consequences of a risky choice. In addition, collectivists are likely to be concerned with the opinions of others when making decisions (Hui and Triandis (1986). Triandis (2001) suggested that within collectivist cultures there is an emphasis on interdependence among people and in individualist cultures there is an emphasis on the need for people to function by themselves.

Hofstede (1991: 113) defines uncertainty avoidance as “the extent to which the members of a culture feel threatened by uncertain or unknown situations.” Individuals in cultures reflecting high uncertainty avoidance tend to be less receptive to new ideas and innovations. He noted that when people from high uncertainty avoidance cultures face a new situation they often perceive something different as dangerous, while those from low uncertainty avoidance cultures are often intrigued by that which is different. It has been suggested that strong uncertainty avoidance cultures tend to be highly intolerant of ambiguity leading to distrust of new ideas and behaviors (Dawar et al. 1996)

Long-versus short-term orientation is a recently identified cultural dimension. Hofstede (2001) suggested the following differences between low and high long-term oriented societies:

Low long-term orientation

Immediate gratification of needs
 Traditions untouchable
 Family life guided by requirements
 Short-term virtues taught
 Spending
 Fuzzy problem solving

High long-term orientation

Deferred gratification of needs
 Traditions adaptable
 Family life guided by shared tasks
 Long-term virtues taught
 Saving, investing
 Structured problem solving

Korea and the U.S. are quite different with respect to the three cultural dimensions described above (Hofstede 2001:500). Out of 50 countries, Korea ranked 16 and the U.S. 43 on the

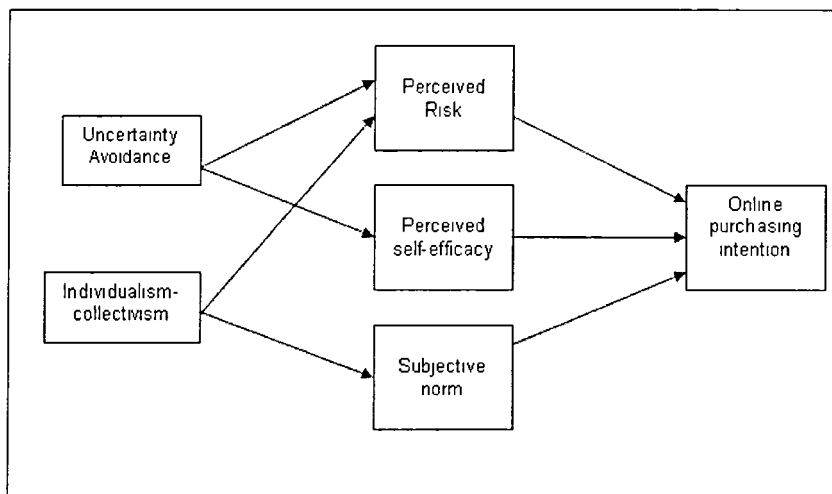
uncertainty avoidance scale, and 18 and 91, respectively, on the individualism-collectivism scale. On the long-term orientation scale, the U.S. ranked 27 and Korea ranked 5 out of 34 countries. This suggests the Korean culture tends to be collectivistic, avoids uncertainty and exhibits a long-term orientation, while the American culture tends to be individualistic, does not avoid uncertainty and has a short-term orientation. The remainder of this paper focuses on two subjective cultural dimensions: uncertainty avoidance and individualism-collectivism.

However, it is also important to note a significant physical culture difference between Korea and the U.S. According to the Organization for Economic Cooperation and Development (OECD, 2003) in 2003 the broadband penetration rate was about 24% for Korea and about 8% for the U.S. While penetration rates have increased over the last two years for both countries, it is likely that the penetration rate is still higher for Korea. This difference makes it easier to use the Internet to move large files in Korea than in the U.S.

III. Decision-Making Differences

Choi (Choi and Geistfeld, 2004) modified the Theory of Planned Behavior (TPB) to identify the effect of cultural differences on consumers' intention to engage in a behavior—online shopping. The modified TPB model she developed (Fig. 1) suggests that the intention to engage in online shopping is directly affected by perceived risk (attitude toward the behavior), the influence of others (subjective norm) and self efficacy or self confidence (perceived behavioral control). She added two cultural dimensions to the model—individualism-collectivism and uncertainty avoidance—which indirectly affect the intention to engage in online shopping.

To test the hypotheses derived from the model, Choi (Choi and Geistfeld, 2004) collected data from upper-level undergraduate students enrolled at major American and Korean universities. Students were asked to complete a questionnaire with item scales related to individualism-



<Fig 1> Modified Theory of Planned Behavior Model.

collectivism, uncertainty avoidance, intention to engage in on-line purchasing, perceived risk, subjective norm and perceived self-efficacy. Path analysis employing structural equation modeling was used to test for the direct and indirect effects of variables on the intention to engage in online shopping (LISREL VII). A multiple regression was used to test for country differences with respect to the direct effects of perceived risk, perceived self-efficacy and normative belief on the intention to engage in online shopping.

Results of the path analysis are summarized in (Table 1). The direct path between perceived risk and online shopping intention was negative and significant for Korea and the U.S., while the direct paths for both countries with respect to perceived self-efficacy and subjective norm were positive and significant. These findings suggest for both countries that as perceived risk increases, the intention to engage in online shopping decreases, and as individuals become more confident with their ability to engage in online shopping, and as effects of others' perceptions on intentions increase, the intention to engage in online shopping increases.

While the preceding suggests the basic decision processes affecting the intention to engage in online shopping are similar for Korea and the U.S., it does not answer whether or not the magnitudes of the coefficients differ between the two countries. The answer to this question was obtained through a multiple regression analysis controlling for country effects (Table 2). The multiple regression analysis revealed estimated coefficients similar to those found through path analysis for the relationship between intention to engage in online shopping, and perceived risk, perceived self-efficacy and subjective norm. When controlling for country differences, a statistically significant country effect was found only for subjective norm. Since the sign of this country effect was negative, the country-specific effect of subjective norm on the intention to engage in online shopping was significantly lower for the U.S. than for Korea.

<Table 1> Path Analysis Results

	Independent variables	Direct Effects		Indirect Effects	
		Korea	U.S.	Korea	U.S.
Intention	Perceived risk	-.117*	-.182*		
	Perceived self-efficacy	.561***	.579***		
	Subjective norm	.238***	.102*		
	Individualism-collectivism			.159*	.082*
	Uncertainty avoidance			.106	.197
Perceived risk	Individualism-collectivism	-.169*	-.128*		
	Uncertainty avoidance	.142*	.068		
Perceived self-efficacy	Uncertainty avoidance	.111	.173*		
Subjective norm	Individualism-collectivism	.203*	.201*		

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$.

(Table 2) Between Country Belief Structure Differences for Online Shopping Intention (0 = Korea, 1 = U.S.)

Independent Variables	B	β	P
Perceived risk	-.007	-.213	.000
Perceived self-efficacy	.031	.542	.000
Subjective norm	.035	.271	.000
Country * Perceived risk	-.003	-.190	.063
Country * Perceived self-efficacy	.005	.134	.241
Country * Subjective norm	-.021	-.192	.003

$R^2 = 0.469$; Adjusted $R^2 = 0.465$

Cultural values indirectly affect the intention to engage in online shopping. For both countries individualism-collectivism had a significant negative effect on perceived risk and a significant positive effect on subjective norm. Uncertainty avoidance had a significant (positive) effect on perceived risk only for Korea, and a significant (positive) effect on perceived self-efficacy only for the U.S.

In summary, Choi (Choi and Geistfeld, 2004) found that the general behavioral process underlying consumers' intentions toward behaviors is similar for Koreans and the Americans; however, country differences exist with respect to the relative importance of the determinants of consumers' intent to engage in online shopping, and with respect to the effects of culture on these determinants. Subjective norm affects Korean, more so than American, intention to engage in online shopping. Individualism-collectivism affects perceived risk and subjective norm for both countries leading to cross cultural differences since Americans tend to be individualistic and Koreans collectivistic. Uncertainty avoidance is positively associated with perceived risk for Koreans and with perceived self-efficacy for Americans.

IV. Apparel Website Differences

Lee (Lee et al. in review) sought to determine whether information content differences between Korean and American apparel websites exist and whether the differences could be attributed to cultural differences. Content analysis of apparel websites was used to answer these questions.

Data came from 25 American and 25 Korean casual apparel websites for men and women. Four product categories were considered: men's and women's short-sleeve knit shirts and long-legged slacks. An instrument based on Park and Stoel (2002) was used to collect brand and company, customer and service, purchase, and product information from the websites. The variables listed in (Table 3) were used to determine website information content.

Lee (Lee et al. in review) found that 72% of the American websites focused on casual apparel

sold in a variety of countries while 84% of the Korean websites focused on brands only sold in Korea. Her findings with respect to information content of the various websites are summarized in <Table 4>. The first impression when examining the table is that American websites provide more information than Korean websites. A possible cause is that 68% (17) of the American websites sell products online while only 36% (9) of Korean websites do so. When consumers make online purchases they may need more information than when the focus is product awareness and encouraging retail store visits.

While website content differs between the countries, can it be explained by cultural differences? As previously noted, Korean culture reflects collectivism and American culture reflects individualism.

Examination of quality, rather than quantity, differences between the informational content of the two countries' apparel websites is a way to assess the possible impact of culture. Examination of <Table 4> suggests that Korean web-sites provide group oriented information such as a bulletin board, loyalty programs, fashion information, and product reviews. American website information tends to focus on that needed to make a purchase.

Physical culture could also lead to differences between Korean and American website information. Broadband is more available in Korea than in the U.S. This makes transmission of the large files needed for multimedia easier in Korea than in the U.S.

In summary, American apparel websites provide functional information related to product and purchase information that is focused toward the individual, while Korean apparel websites provide information related to group norms, as well as content having an entertainment element.

V. Discussion And Conclusion

In their paper Choi and Geistfeld (2004:835) suggested "a higher level of collectivism may lead to sharing opinions and information...The opinions and purchasing behaviors of others are easily exposed to Internet users via various types of Internet sites..." This observation was supported by Lee's findings. Lee et al. (in review) reported that "Korean websites tended to provide group-oriented content: bulletin board, loyalty program, fashion information and product reviews. A bulletin board and product reviews are ways for those within a group to share information with one another. Fashion and style information help consumers assess the extent to which a particular apparel item is consistent with fashion norms. However, American information tends to focus on product and purchase specifics not reflecting the perspective of a reference group. This is consistent with the fact that Americans tend to be more individualistic suggesting the perspective of others may not be as important to them as it is to Koreans."

The research by Drs. Choi and Lee leads to the following:

1. Consumers make decisions consistent with TPB across cultures since the signs of perceived risk, perceived self-efficacy and subjective norm were the same for Korea and the U.S.
2. Korean and American consumers differ with respect to the relative importance of the TPB

<Table 3> Information Items

Item	Definition
Advertising/promotion	E-catalogue, press releases, etc.
Brand coverage	Domestic or global brand
Brand information	Overview of brand
Bulletin board	Ability for customers to communicate opinions among themselves
Color description	Visual or verbal description of a product color
Company information	Background information on company
Contact information	Contact information, e-mail, telephone, etc
Coordination	Information concerning coordination with other products
Country of origin	Country in which a product is manipulated
Credit card information	Accept national credit cards
Customization	Ability for customer to design a product
Definitions	Definition of terms used on the website
Delivery methods	Postal service, express package service, etc.
Fabric construction	Denim, mesh, twill, knit, lace, etc
Fabric hand	Soft, light, heavy, tough, etc
Fashion information	Fashion trends, item coordination, product care, etc
Fiber content	Cotton, linen, wool, polyester, etc
Fitting information	Association of body dimensions and product size, e.g. size XL, 45-47 inch bust
Gift card	Availability of card for gift
Gift wrapping	Availability of packing or boxing for gifts
International delivery	Availability of international delivery
Item availability	Item quantity/availability noted on screen before placing order
Loyalty program	Access to exclusive events "mileage points," exclusive information, etc
Multimedia	Usage of multimedia files such as music, and video
Multiple language	Website available in more than one language
News and events	Store openings, special events, etc
Online shopping	Possibility of purchasing via the website
Order confirmation	Website confirmation, e-mail confirmation, etc
Order tracking	Ability to trace order processing and delivery
Ordering methods	Online, phone, Fax, etc
Other card information	Accept store/company cards, gift cards, etc
Payment methods	Credit card, check, gift card, etc
Picture enlargement	Ability to enlarge product pictures
Price information	Availability of product price information
Privacy policy	Availability of policy statement related to customers' privacy
Product care	Use and care instructions, laundering, pressing, etc.
Product pictures	Availability of product pictures
Product quality	Availability of detailed product formation, hem, seam, etc.
Product reviews	Customers' evaluation of a product
Questions and answers	Product and website related questions and answers
Related links	Links to other fashion and shopping sites
Return methods	By mail, by phone, by online, etc
Return policy	Return policy
Sale information	Availability sale items
Sales tax information	Sale tax rate
Search engine	Search engine to find products
Shipping time	Time from order to receipt of item
Shipping/handling fees	Shipping and handling fee to deliver a product
Sitemap	Map of website
Size chart	Information about standard product sizes
Size measurement	Availability of a method to measure body size
Stockholder information	Annual report, investor relation information, etc
Store locator	Search engine to find nearby stores
Style and fashion	Sporty, sexy, feminine, vintage style, etc.

<Table 4> Website Information Differences

Information Category	Korea	U.S.
Brand and company	Advertising/promotion	Company information Stockholder information
Customer and service	Bulletin board Loyalty program Fashion information Multimedia Sitemap	Gift wrapping Gift card Related links Privacy policy Definitions Size chart Size measurement Sale information Online shopping
Product	Style and fashion Product reviews	Visual & verbal color description Fiber content Fabric construction Fabric hand Size chart Size measurement Product quality Product care Fitting information Country of origin
Purchase	Item availability	Credit card information Other card information Delivery methods International delivery Shipping/handling fees

factors directly influencing the intention to engage in online shopping. The positive influence of subjective norm on intention to engage in online shopping is much larger for Korea than for the U.S.

3. Cultural dimensions – individualism-collectivism and uncertainty avoidance – indirectly affect behavioral intention. While the directions of the cultural effects were the same for Korea

and the U.S., effect magnitudes and statistical significance differed between the two countries.

4. Apparel website content appears to reflect Korean-American cultural differences. Korean website information was consistent with collectivism and American website information with individualism.

These findings suggest that cultural differences exist and the concept of a global marketplace may be somewhat limited.

In conclusion, culture appears to affect the relative importance of elements within the decision making process. This is reflected in the information content of apparel websites. While consumers may purchase similar items throughout the world, the factors motivating the purchase may vary from culture to culture. If an e-tailer seeks to establish a global presence, it must structure its website so that the unique aspects of specific cultures are recognized. What may be important to Americans when making decisions may not be important to Koreans even though all wear Tommy (Hilfinger) knit shirts.

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