

Convergent versus divergent consumer behaviour and strategy orientations in international marketing

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Abstract

Culture's role in predicting consumer behavior has been widely recognized in the realms of international marketing. Its efficacy has been well, demonstrated albeit certain contentious issues persist. Since the advent of globalization, the international marketing research has been grappling with the debate whether there is convergence or divergence of cross-cultural consumer behavior. Relying on the extant literature, this paper delves on convergence-divergence debate and consequently discusses the standardization-adaptation strategy orientations for international marketing.

1. Introduction

Culture has been increasingly viewed as influencing the daily life and behavior of the individuals. It is man-made part of environment and it largely determines the course of our lives (Herskovits 1969). Winick (1958) elucidates that it is everything that is "non-biological and socially transmitted in a society, including artistic, social, ideological, and religious patterns of behavior, and the techniques of mastering the environment." It is the "fundamental determinant" of consumer behavior (Kotler 2003). In international marketing, understanding the cross-cultural differences is imperative for developing effective marketing strategies for the diverse foreign markets (Loudon and Bitta 2002; Perreault and McCarty 2002; Schiffman and Kanuk 2004). However, the culture's role in international business has been well acknowledged but the debate whether the globalization has led to convergence or divergence of culture and consumption patterns remains unresolved.

2. Convergence versus Divergence

Convergence refers to convergence of cultural values and homogenization of consumers across the various nations. There are two divergent and debatable views in international marketing. One group of researchers advocates that globalization is leading to convergence of consumer needs and homogenization of markets. The other contrasting view holds that as consumer behavior is anchored around culture, globalization has little effect on consumers.

The first perspective advocates that globalization leads to convergence of cultural values and consumer behavior (Elinder 1965; Levitt 1983). The convergence debate is not new but has emanated since the modernization theory of the 1960s (Mooij 2004). Ted Levitt (1983) argued that new technology would lead to homogenization of consumer needs and wants as consumers will prefer high quality but low price standard products (Mooij and Hofstede 2002).

Yeniyurt, Cavusgil and Hult (2005) believe that globalization and technology recognize the emergence of global consumer who expects standardized goods and services with consistency in service, quality and performance across nations and regions. Sheth and Parvatiyar (2001) opine that globalization factors like political stability, government policy, ideology-driven economy, fear of colonialism, marketing transfer issues, and lack of infrastructure, North-

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South dichotomy, East-West dichotomy and product life cycles are fading. They recognize the effect of globalization on marketing and view that international marketing will be replaced by integrated global marketing in which the focus will be on cross-functional integration and less functional adjustments across different nations. Further, they view there will be worldwide market strategies which will be based on mass customization and there may be homogenization of demand and usage of products.

Leeftang and Raaij (1995) observe that though there are some differences in the European Union nations but they are converging on some marketing environment variables like economic, demographic, cultural, consumption and marketing mix thus paving a way for standardized marketing strategies. Witkowski and Kellner (1998) provide evidence of globalization in advertising at the same time also find evidence of cross-national differences.

The proponents of divergence view that globalization leads to divergence of cultural values and consequently divergent consumers. Mooij (2000) contends that convergence of economic systems doesn't lead to convergence of value system rather there is evidence that converging incomes leads to stronger manifestation of cultural values and divergence of habits. Mooij (2002) strongly advocates that homogenization of consumer behavior is a myth. She observes that many statements on convergence of values and lifestyles are not based on empirical evidence. She opines that there is pattern of convergence-divergence. Durable products like cars, television sets and computers converge with increase in wealth but convergence leads a ceiling after which there is no further convergence and it turns to divergence. She posits that cultural variables explain the differences in behavior. Increase of wealth or introduction of new technology doesn't lead to the emergence of new values rather manifestation of the existing values

Usunier (2000 p.136) contends that regional and economic convergence does not lead to cultural convergence. He contends that globalization has brought more variety to the consumers in most of the countries, so globalization brings in more diversity in our experiences. He feels that cross-cultural adaptation of modern culture is wrongly interpreted as full convergence and disappearance of local cultures but elements of local cultures like language, writing systems, religious and relational patterns still remain intact.

Day and Montgomery (1999) recognize the persistent globalization and diffusion of technology in facilitating the homogenization of customer needs, markets and ubiquity of global brands but the homogenization of markets can lead to fragmentation of markets leading to emergence of more segments within each country.

Cannon and Yaprak (2000) believe that though there is rise in cosmopolitanism but it can't be implied that the consumers transcend their local culture. They contradict the view that cosmopolitans are a homogenous group of world citizens and contend that there is no single but different patterns of cosmopolitan consumer behavior which vary with both the situation and the consumer. Though there is rise in cosmopolitan orientation and homogenization of the world there is also fragmentation leading to flourishing of local cultures.

Suh and Kwon (2002) assess the impact of globalization on consumer ethnocentrism and observe that consumers in different cultures though exposed to globalization are necessarily different even though exposed to globalization. They contend that marketing strategies need to be adapted to consumer from diverse cultures as "each culture's distinctive processes and dynamics in globalization will still resist the automatic, uniform application of the global market concept."

3. Strategy Orientations: Standardization or Adaptation

There are two divergent and debatable strategies for International marketing namely standardization or adaptation. This debate over whether standardization or adaptation strategy

should be followed in international business emanates from earlier debate of convergence versus divergence of consumer behavior. There are basically two approaches in international marketing (Sheth and Sethi 1977): one approach considers that basic needs and behavior are universal everywhere and so the same products can be sold similarly in every market while the second approach considers that every country has its own unique culture. This group contends that universal marketing theory is inapplicable in different regions and so there should be unique marketing decisions specific for each culture.

The standardization in international marketing refers to using a common product, price, distribution, and promotion program on international basis (Jain 1989). The genesis of standardization argument might have taken place with Elinder's (1961) article "How international can be advertised?" (Medina and Duffy 1998). The proponents of this thought argue that the globalization of markets is causing the convergence of customers' needs and so cross cultural differences will have minimal effect on the consumer behavior, thus calling for standardization of products (Levit 1983). The concept of this approach is based on the theory of learning but fail to gauge the culture's effect (Sheth and Sethi 1977).

The proponents of the second thought argue that culture has significant effect on the behavior of individuals and so call for customized products for different cultures (Applbaum and Jordt 1996; Steenkamp, Hofstede and Wedel 1999; Usunier 2000; Mesdag 2000; Luna and Gupta 2001; Steenkamp 2001; Kau and Jung 2004; Ogden, Ogden and Schau 2004). Culture has "profound implications on the psyche of the consumers" (Kumar 2007) and adaptation to cultural values leads to marketing effectiveness (Moiij and Hofstede 2002). Usunier (2000) lists the selected aspects of consumer behavior on which the culture may have possible impact: perception, motivation, learning and memory, age, self-concept, group influence, social class, sex roles, attitude change, decision making, purchase and post-purchase behavior. Steenkamp, Hofstede and Wedel (1999) recognize the effect of culture on consumer innovativeness. Denis (2006) analyses the impact of culture on marketing mix decisions. Lysonski, Durvasula and Zotos (1996) recognize the effect of culture on consumer decision-making styles. Edgett and Cullen (1993) opine that culture affects the various levels of consumer involvement in decision-making. Lam and Lee (2005) suggest that brand loyalty might be influenced by cultural values.

Chen, NG and Rao (2005) examine the cultural effect on the consumer patience and view Western cultures are less patient as compared to Easterners. Aaker and Williams (1998) examine the persuasive effect emotional appeal across cultures. Aaker (2000) identifies the cross cultural effects on the persuasion appeals and finds that cultural differences in consumer preferences exist. Briley and Wyer (2002) posit that calling individuals' attention to their cultural identity may induce feelings of group membership in the same way as it would have by actually participation in a group, which would have analogous effects on decisions in both group and consumption situations. Briley, Morris and Simonson (2000) provide insights into the role of reasons in decision-making and contend that knowledge and differences are activated when the individuals are asked to give reasons for their purchase decision.

Many researches have observed that total standardization is not conceivable and so advocate varying degrees of standardization (Jain 1989; Samiee and Roth 1992; Medina and Duffy 1998; Mesdag 2000). The common views about standardization have not been empirically supported and are based on few general observations (Sammie and Roth 1992). Jain (1989) opines that standardization decision should be based on "economic payoff" and it "includes financial performance, competitive advantage and other aspects". He distinguishes between process and program standardization. Most of the standardization literature deals with program standardization that constitutes the different elements of marketing mix: product, price, promotion and distribution. Total standardization is inconceivable and degree of standardization

can be planned taking into account the long term objectives of the firm and the various identified factors like target market, nature of the product and the environment which is unique to each country.

Samiee and Roth (1992) support Jain that standardization is appropriate as long as it has economic payoff and standardization decision should be based on economic payoff. They investigate the relationship between global standardization and financial performance and the relationship between standardization and technological environment, stage of the product life cycle and the corporate policy and components of marketing plan. They posit that industrial products are more suitable for standardization than consumer goods as consumer preferences for consumer goods is more influenced by local cultures, values, tastes, economies and other factors. They put forth that standardization in introductory and growth stages of product life cycle is less as compared to decline stage. The firms following standardization follow mass marketing ignoring inter market segment differences. They posit that global standardization is not an optimal approach in all markets, for all the products and all the elements of marketing mix and ability of the firm to pursue global standardization may depend on their business philosophy and organizational structures. T

Szymanski, Bharadwaj and Varadarajan (1993) opine that standardized approach is desirable because by developing a universal approach across the markets sales can be increased and cost can be reduced by following economies of scale and moving production to low cost locations. Standardization could be conducive for superior performance and a similar resource mix for similar markets evokes similar performance. Medina and Duffy (1998) posit that brands can be standardized on certain key attributes and attributes that cannot be reconciled across various markets can be roped as “unique attributes in the augmented component of the brand.” They advocate standardized products can be customized using minimal changes to suit the local market.

Djursaa and Kragh (1998) are of view that the exposure to global consumption is unevenly distributed across the various cultures. They examine globalization at two levels: the macro-level and the product-level. At the macro-level markets are converging and local preferences will give way to new global products, new technology and communication. At the product-level, they view that some products are more deeply integrated into culture than others. The more a product is integrated into culture the more difficult it is to standardize, so the standardization depends on the type of the product. The researchers observe that consumption in every culture can be viewed from two contexts-central and peripheral. The same product may be centrally context consumption but may be a peripheral consumption context in another culture. The central consumption context requires adaptation to core cultural values while the peripheral consumption tends to globalize with media and technology.

4. Conclusion

Globalization has resulted in universal segments along with more diverse variety seeking segments. The effect of culture cannot be negated as it has profound effect on consumer behavior. This mandates for identification of universal and unique cultural values across the various markets. This would help in prediction of ubiquitous and unique market behavior patterns. The standardization of products for universal cultural values and consumption, and the customization of products for the unique cultural values and consumption pattern would help in augmentation of customer satisfaction.

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