

# Chapter 90

## The Psychology of Consumerism in Business and Marketing: The Macro and Micro Behaviors of Hofstede's Cultural Consumers

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### **ABSTRACT**

*In the past decade or so, various models have emerged concerning the study of culture and marketing in regards to consumerism, of which Geert Hofstede's dimensional model of national culture has been applied to various areas of global branding and advertising, and the underlying theories of consumer behavior. Hofstede's model has been used to explain differences regarding the concepts of self, personality and identity, which in turn explain variations in branding strategy and communications. Thus, the purpose of this chapter is to address the psychology of consumerism in business and marketing from the macro and micro behaviors of Hofstede's cultural consumers. The chapter emphasizes Hofstede's fifth cultural dimension, long-term versus short-term orientation regarding marketing. In so doing, both macro and micro paradigms on the psychology of consumers' behaviors will be covered in relation to marketing, as well as a brief history of marketing and the marketing field.*

### **INTRODUCTION**

Unethical marketing practices severely damage firms and their stakeholders and have been the focus of marketing research (Dunfee, Smith, & Ross, 1999; Handelman & Arnold, 1999; Mascarenhas, 1995; Smith & Cooper-Martin, 1997; Sparks & Hunt, 1998). Marketing is considered

the most unethical of business functions and most marketing practices have been criticized as such (Laczniak, 1999). Therefore, during their education, marketing students, who will become marketing executives in the future, need to be equipped with guidelines for ethical conduct in the marketing profession. Marketing students perceive the level of marketing ethics education

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as less than adequate and insist a marketing/business ethics course should be required (Shannon & Berl, 1997). As a result, many business schools have added a mandatory ethics class to the degree programs as an independent course or a component of existing coursework, partly in response to the accreditation from the Association to Advance Collegiate Schools of Business (AACSB) (Gunz & McCutcheon, 1998; Polonsky, 1998). Nevertheless, surveys continue to find a crisis of ethics in business schools and the business community (Bartels, 1967; Borkowski & Ugras, 1998; Ferrell & Gresham, 1985; Greenman & Sherman, 1999; Hunt & Vitell, 1986; Mascarenhas, 1995; Vitell, Rallapalli, & Singhapakdi, 1993).

As such, studies have started to pay a great amount of attention to the importance of personal cultural values in learning ethical behaviors and evaluating moral issues, but few researchers have empirically examined how specifically cultural values are related to marketing ethics (Bartels, 1967; Cohen, Pant, & Sharp, 1992; Vitell, Nwachukwu, & Barnes, 1993; Wines & Napier, 1992). A typical study of cultural values compares nations that vary culturally, but such an approach fails to specify how individual-level cultural values are related to marketing ethics. National-level culture stereotypes individual members within the nation as having the same culture, ignoring individual differences in cultural value. Cultural values need to be measured and operationalized at the individual level characteristic, so to link ethics and culture, cultural values also need to be measured at an individual level (Yoo & Donthu, 2002).

The subject of cross-cultural differences in consumer behavior has been the focus of numerous research studies in the field of marketing (Beatty, Lynn, & Pamela, 1991; de Mooij & Hofstede, 2011; Manrai & Manrai, 1996, 2011a; Plummer, 1977; Watkins & Lin, 1996). The marketing and the consumer behavior textbooks (Kotler & Keller, 2009; Schiffman & Kanuk, 2007) widely discuss the implications of culture on different aspects

of consumer behavior such as consumer decision making, purchase and consumption related behavior, consumer satisfaction, dissatisfaction, and commenting behavior. The influence of cultures on consumer behavior is evident in all areas of services, especially in the fields of travel and tourism. This is so because in today's global economy there has been an unprecedented growth in overseas travel making tourism truly a cross-cultural phenomenon.

While culture has been defined and classified in countless ways, researchers agree that cultural influences have transcended in terms of the beliefs, norms, traditions, and values of a society (Herkowitz, 1948; Hofstede, 1980, 2001; Kluckhohn, 1954; Triandis, 1994). The five cultural value dimensions identified by Hofstede (1980, 2001), namely, individualism versus collectivism, power distance, masculinity versus femininity, uncertainty avoidance, and Confucian dynamism (long term versus short term orientation) have been widely acknowledged as the most significant approach to the study of cross-cultural differences in human behavior. Although originally identified in the context of a business setting, such as employee values, these five dimensions have been studied and proven relevant in a variety of other domains including consumer behavior and marketing, as well as travel and tourism research (Manrai & Manrai, 2011b).

The study of culture for understanding global advertising and marketing result from the global-local dilemma: whether to standardize marketing for efficiency reasons or to adapt to local habits and consumer motives to be effective. Due to study of culture for understanding global advertising and marketing, studies started to include performance criteria, and several have demonstrated that an adaptation strategy is more effective (Dow, 2005; Calantone, Kim, Schmidt, & Cavusgil, 2006; Okazaki, Taylor, & Zou, 2006; Wong & Merriam, 2007), as a result, understanding culture will be viewed as increasingly important. In the

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