

# Chapter 94

## Effect of Globalization on Multicultural Consumer Behavior

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### ABSTRACT

*A great deal has been learned in recent years about the role of culture in consumer behavior. However, the overwhelming scope and fragmented nature of cross-cultural and cross-national consumer research often necessitates a periodic review and critical assessment of the field. We highlight the salient aspects of cross-cultural and cross-national consumer research today by offering a summary of key findings and themes, discussions of major trends, and provide insights into the future of the field. Globalization has created multicultural societies across the world. However there is relatively very limited research on multicultural consumer behavior (MCB). The main purpose of this chapter is to analyze and understand the dynamics of MCB in today's global economy and offer insights into the way forward.*

### INTRODUCTION

The world is becoming more interconnected due to globalization and companies continue to search for growth opportunities and more sustainable consumer markets (Belk, 1996). These markets are often located in culturally-distant countries. This presents companies and researchers with

many challenges (Arnold, 2004). For companies, understanding cultural differences between markets is needed in order to create sound marketing strategies in today's global environment (Briley, 2009). For researchers, conducting cross-cultural and cross-national research (primarily to assist companies) has often been driven by a need to establish the validity and generalizability of mar-

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keting theories and models. For both parties, there is an elevated interest in the impact of culture on consumption.

While culture, as a construct, has been defined and operationalized in many ways, marketing researchers have acknowledged that it is a comprehensive element central to any individual's thought processes, actions, and certainly consumption practices (Kroeber & Kluckhohn, 1985; Yaprak, 2008). Therefore, it is no surprise that culture has become "center stage" with regards to marketing and consumer research the last few decades. Indeed, marketing across cultural boundaries is one of the most researched areas within the literature today (Craig & Douglas, 2006).

There is a growing stream of marketing literature addressing the cultural and market transformations caused by the flows of people, ideas, media, finance and technologies (Arnett, 2002; Belk, 1996; Bengtsson, Bardi, & Venkatraman, 2010; Guo, 2013; Leung, Bhagat, Buchan, Erez, & Gibson, 2005; Manrai & Manrai, 2011; Yaprak, 2008). Consumer behavior transformations in these markets are moderated, at least in part, by the continued "globalization" of consumer attitudes, habits, and lifestyles (Samli, 2004). The immediate and most recognized implication of this has been a growing consumer group becoming more acculturated towards the global consumer culture (GCC) (Cleveland & Larouche, 2007; Zhou, Teng, & Poon, 2008). The GCC is viewed as a cultural entity not associated with a single country, but rather a larger group which is more international and transcending of individual culture (Alden, Steenkamp, & Batra, 1999) including national, ethnic, and religious boundaries. Pockets of global consumers are growing and can be found in all corners of the world, but especially in major multicultural marketplaces (Cherrier, Mady, & Mady, 2010). There is no doubt that the marketing function, with its impact on society and various processes, has been a key driver behind the emergence of the GCC.

However, the majority of literature on international marketing and cross-cultural consumer research has often assumed culturally homogeneous national markets and has focused on comparisons across national borders (Cadogan, 2010). While these methodologies have enabled marketers in adapting strategies to the characteristics of particular markets, they are often lacking when it comes to providing insights into consumer behavior in "multicultural" marketplaces (Tung, 2008). In many of these marketplaces, natives, expatriates, immigrants, and tourists come together to work, play, and certainly consume. These multicultural marketplaces are becoming more similar with one another across national boundaries and less with the more homogeneous parts of the countries in which they are located (Dobbs, Remes, & Schaer, 2012). Examples cited often include New York, Singapore, London, Shanghai, Montreal, and Dubai. Arguments have been made that companies should actually focus their strategies on these key cities rather than countries or regions, since there are often strategic advantages from these dis-aggregated marketplaces (e.g., Khanna, 2011).

The chapter begins with a brief discussion of globalization and its impact on culture. This is followed by a discussion of the differences between cross-cultural and cross-national consumer research and a discussion of current models addressing the impact of globalization on consumer behavior. The chapter ends with a discussion of two propositions on future trends and provides a general comparison between the United Arab Emirates (UAE) and Singapore as well as insights on multiculturalism from two key cities in the UAE: Dubai and Al Ain.

## **GLOBALIZATION AND CULTURE**

In this section we first discuss pros and cons of globalization on a society in general. Next, we summarize constructs from some key classification schemes of culture which are relevant for

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