

International MARKETING

An Asia-Pacific Perspective



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Chapter 4

International Consumer Behaviour

Learning objectives

Purchase intension

1. Consumer behaviour in international marketing and The global consumer –variance in cognition
2. Communication-interpretation
3. Personal Values. Key cultural differences
4. Low context High context
5. Cognitive styles, Loyalty, product involvement, risk
6. Pricing/quality perceptions
7. Distribution
8. COO

FIGURE 4.3 The different layers of culture



SOURCE: Reprinted by permission from Macmillan Publishers Ltd: Leung et al. (2005) 'Culture and International Business: Recent Advances and Their Implications for Future Research', *Journal of International Business Studies*, vol. 36, copyright 2006, published by Palgrave Macmillan.

How consumers think and behave

- How do they respond?
- Much of what we do in marketing is to communicate a message or multiple messages
- But the meaning is different depending on the person – as we saw last week people are bound (beliefs, norms etc) in their culture –
- As marketers we are interested contemporary culture.

International consumer behaviour

- Markets are not the same.
- Country culture not the same.
- People are not the same.
- Therefore, consumption is not the same. These vary significantly between country markets and cultures around the world.
 - CB covers a lot of ground: Is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas and/ or experiences.
 - To satisfy needs or desires. Needs and desires are satisfied range from hunger and thirst to love, status or spiritual fulfilment
 - e.g. Our attachment to everyday products such as Coke. World of Coca Cola draws millions of visitors a year. Strong emotional connections to the brand?



The global consumer-

- Marketing strategies identify a move towards a global consumer culture, one in which people around the world are united by their common devotion to brand names, movie stars, celebrities and leisure activities. **However, these are exceptions to the rule.**
- The rise of global marketing means that smaller companies are looking to expand into international markets, but will have to adapt to the consumption norms of that culture.
- This then increases the pressure to understand how consumers in other countries are the same or different from those in our own country



TABLE 18.1 Middle-class population in a sample of emerging markets, 2012

Country	Middle-class population (millions)	Percentage of income held by middle class (%)	Per capita GDP, (PPP, US\$)
Brazil	70	39	11 273
China	589	46	7 544
India	397	47	3 408
Indonesia	95	47	4 347
Russia	71	40	15 612
Thailand	31	45	9 221
Turkey	35	46	13 577

SOURCE: Cavusgil, S.T., Knight, G., Reisenberger, J.R., Rammal, H.G. and Rose, E. (2015) *International Business: The New Realities*, 2nd edn, Pearson Australia, Sydney, p. 291.



Who?

How



What



Why

Where

When

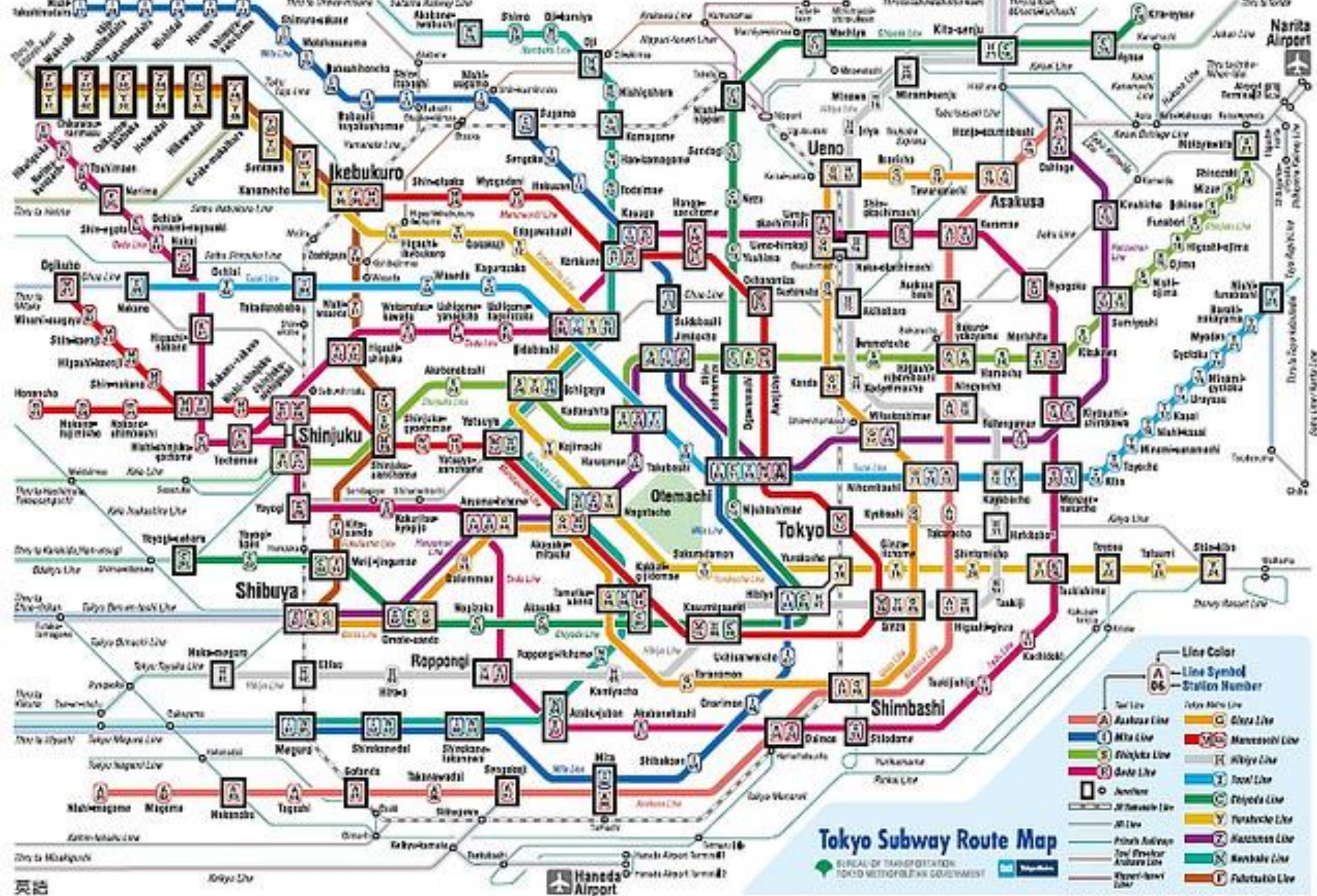


www.alamy.com - C4DEA6

Verbal communication

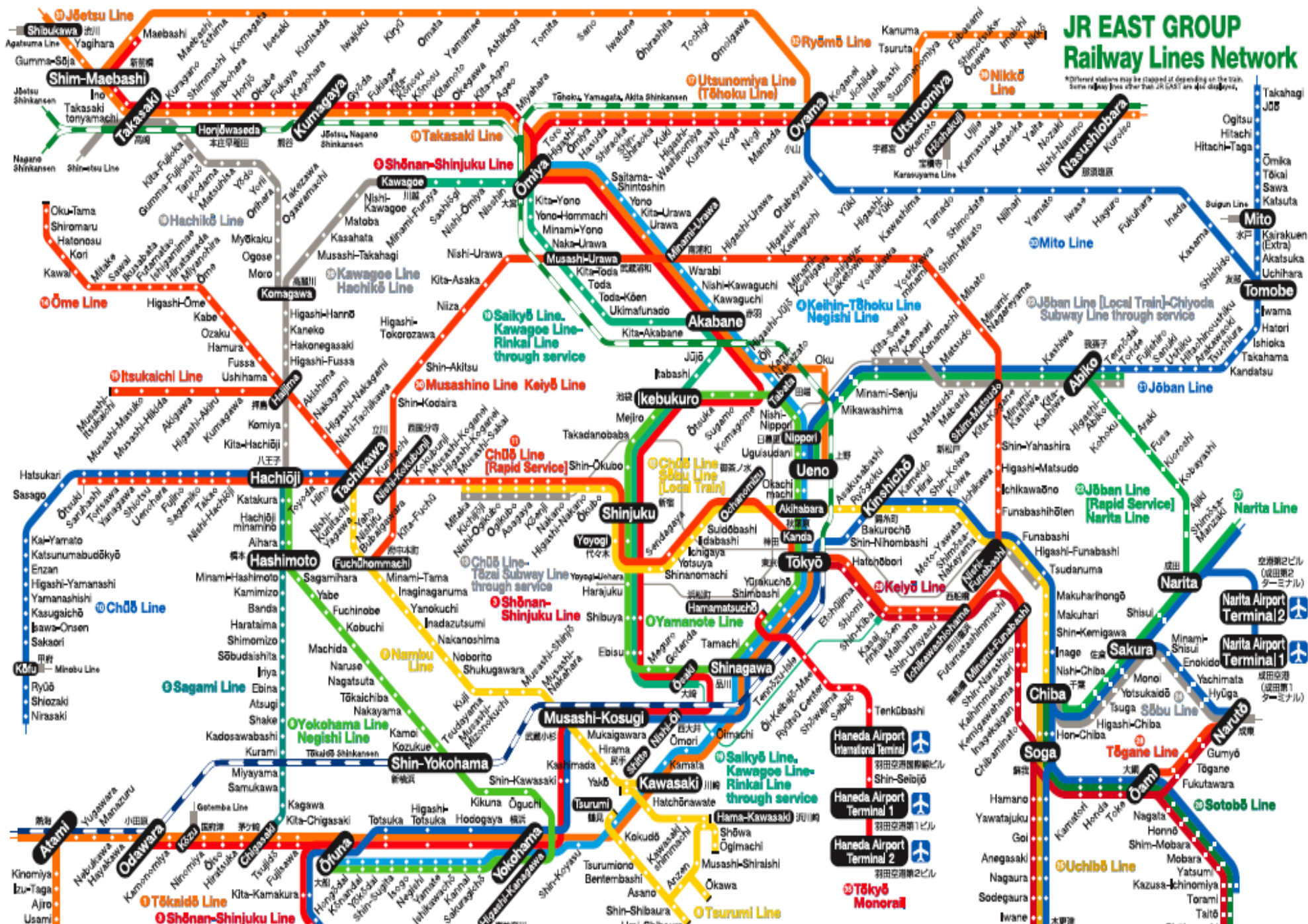
- **Who** communicates the message and to **whom**
- **What** message is communicated
- **How** the message is communicated
- **Where** the message is communicated
- **When** the message is communicated
- **Why** the message is communicated

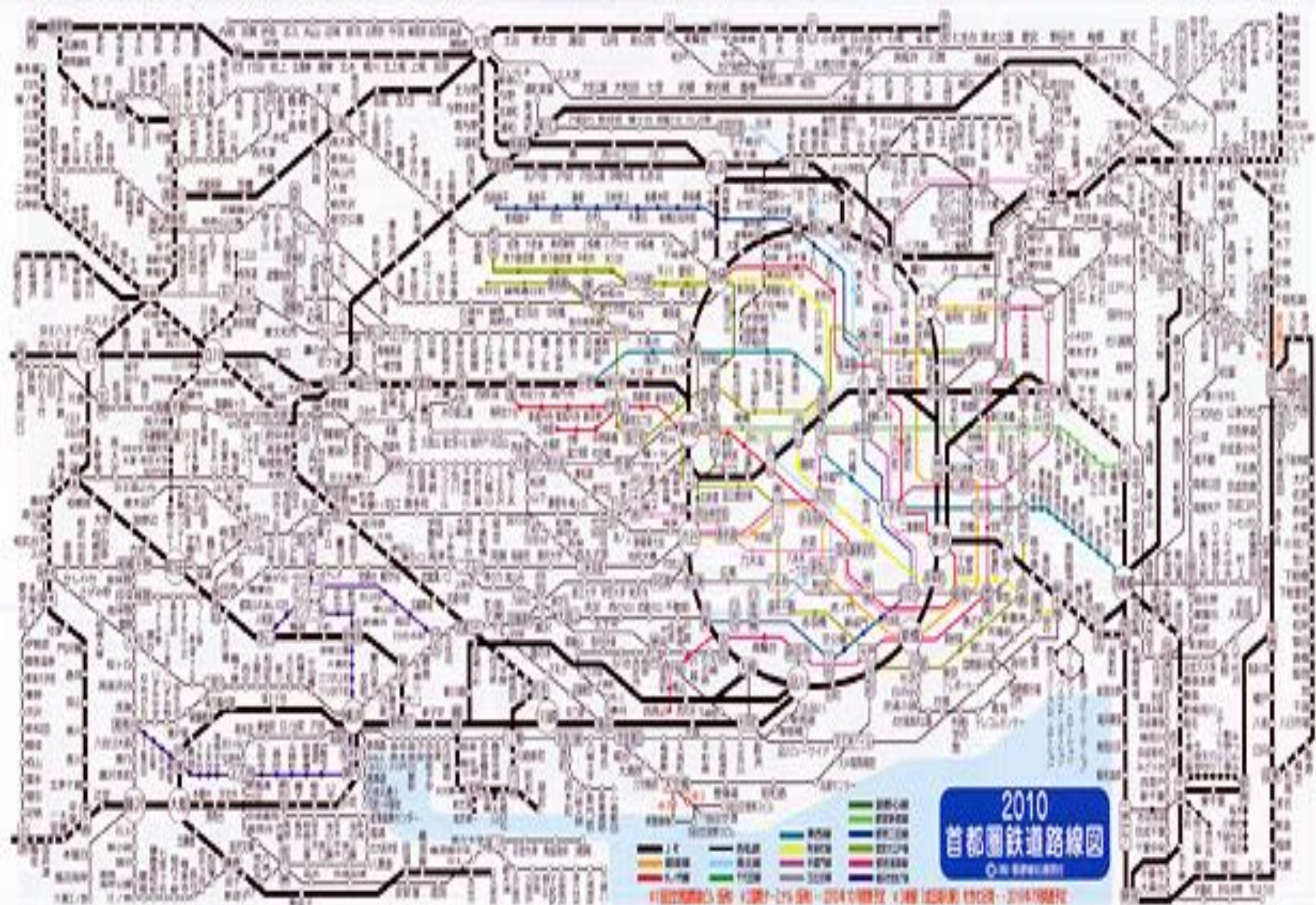
High context markets non verbal is going to matter more.



JR EAST GROUP Railway Lines Network

*Stopped stations may be stopped at depending on the train.
Some railway lines other than JR EAST are also displayed.





Low- and high-context cultures

- The relative importance of verbal and non-verbal communication varies in low- and high-context cultures.



FIGURE 4.5 Cultural context of various countries



High context markets non verbal is going to matter more. Why?

Cognitive styles, Loyalty, involvement, risk



- Increased demand worldwide: Even in GFC.
- World best technology-wireless tech.
- China is a growing market: Some differences: increased middle class wealth, increased international consumption. Community involvement, familiarity is essential.

TABLE 2 Key Chinese property market indicators

Key indicator	Percentage or number
% of Mainland Chinese who can read English	1%
% of affluent Chinese who consider the internet as the preferred source of information	66%
% of affluent Chinese who access the internet each day	83%
% of cash property purchase	70%
Number of online property seekers	90 million
Number of mobile internet users	500 million
Number of Chinese online users	618 million

SOURCE: Based on research by Juwai.com (2014).

TABLE 1 Key indicators of lifestyle changes among wealthy Chinese

Key trend	Chinese trends
Lifestyle	2% of Chinese consume 30% of world's luxury products
Emigration	60% of wealthy Chinese have or are seriously considering emigrating
Investment	64% of wealthy Chinese are already engaged in foreign investment or immigration
Education	85% of wealthy Chinese want to educate their children abroad

SOURCE: Based on research by Juwai.com (2014).

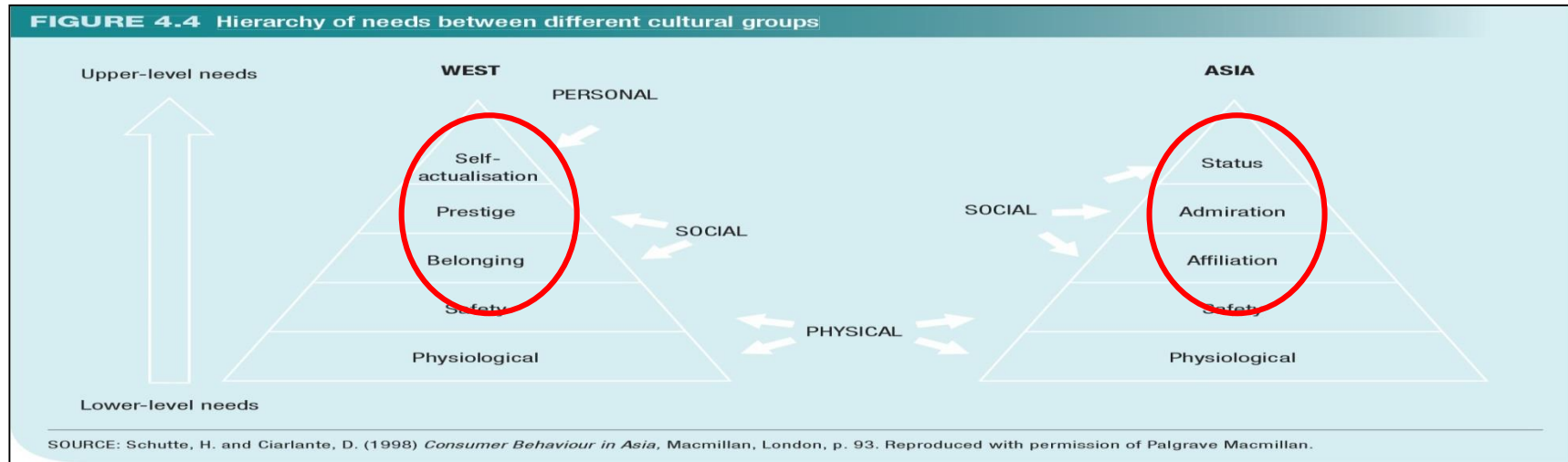


Country of Origin effect (COO)



- Bilkey, W.J. & Nes, E., 1982. Country of origin effects on product evaluation. *Journal of International Business Studies*, 8 (1), 89-99.
- Gurhan-Canli, Z. and Maheswaran, D., 2000. Determinants of country-of-origin evaluations. *Journal of Consumer Research*, 27 (1), 96- 108.
- Kabadayi, S. Lerman, D., 2011. Made in China but sold at FAO Schwarz: country-of-origin effect and trusting beliefs. *International Marketing Review*, 28 (1), 102 – 126
- Koschate-Fischer, N. Diamantopoulos, A. and Oldenkotte, K. 2012. Are consumers really willing to pay more for a favorable country image? A study of country-of-origin effects on willingness to pay. *Journal of International Marketing*, Vol. 20, No. 1, pp. 19-41

Cultural concepts and cultural differences, impact consumption in country cultures

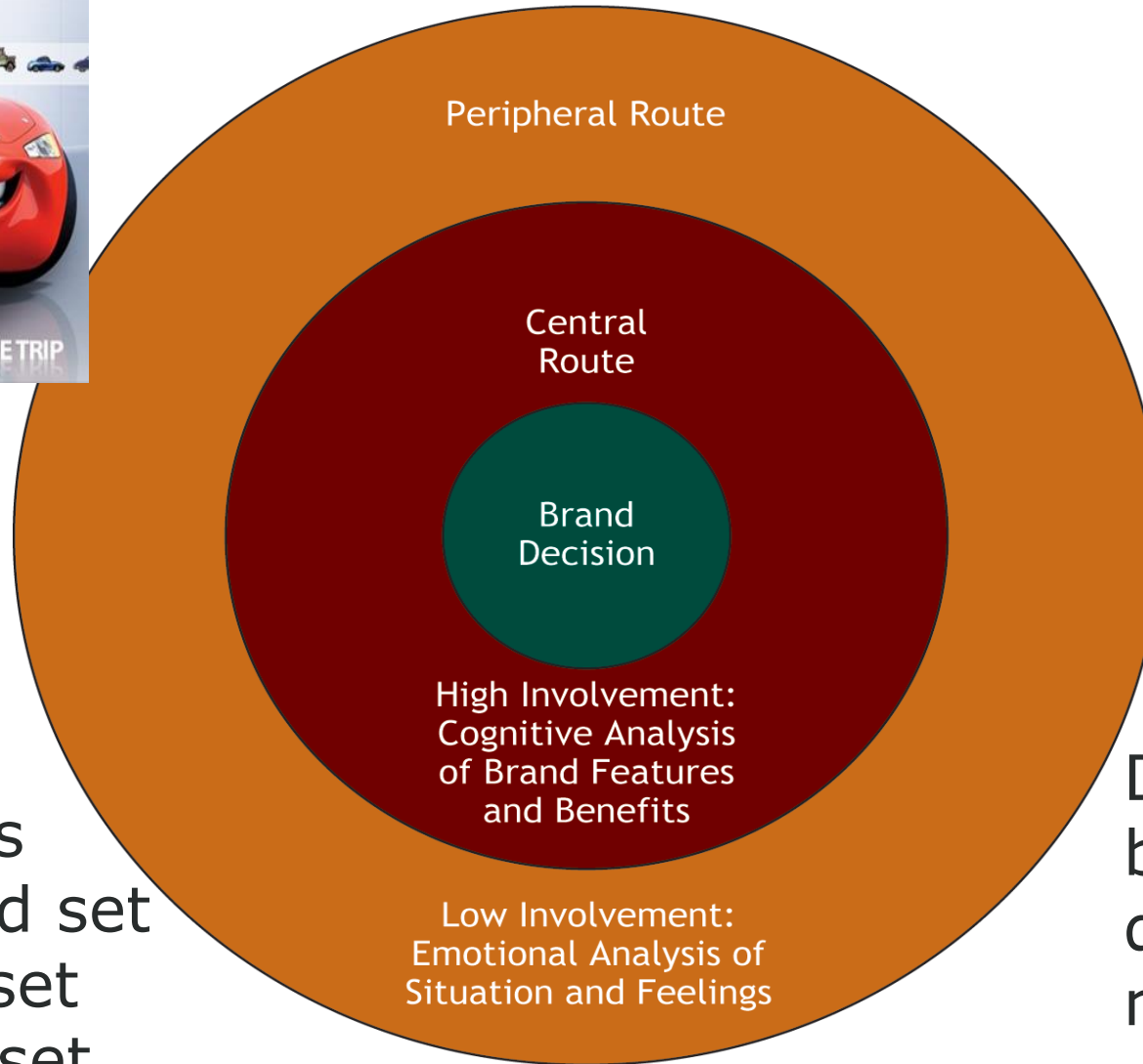


- Loyalty, involvement, risk (Social risk?)
- High and low involvement
- Differing levels of loyalty-linked to social status

Australia is less loyal to brands than Asia consumers- (Brand switching)- Higher Social symbolic value (China, Taiwan, Japan, Indonesia etc), High/low involvement (product related)-Australian Car culture

Risk-Australia- financial, Asia social risk and Africa physical risk (It's about the variance in these values)

The Elaboration Likelihood Model

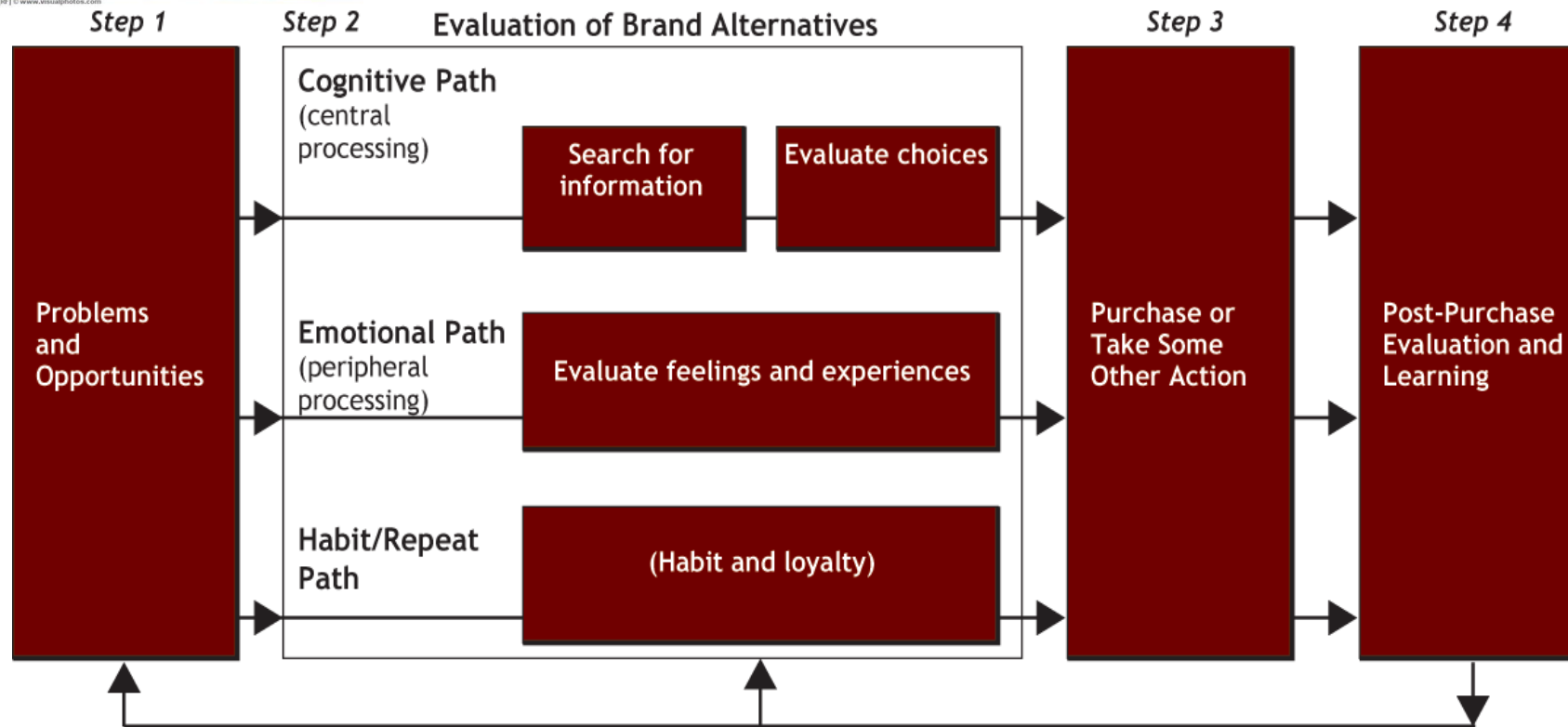


GUCCI Brands
Evoked set
Inert set
Inept set

Different
brand sets in
different
markets



CB Decision Process

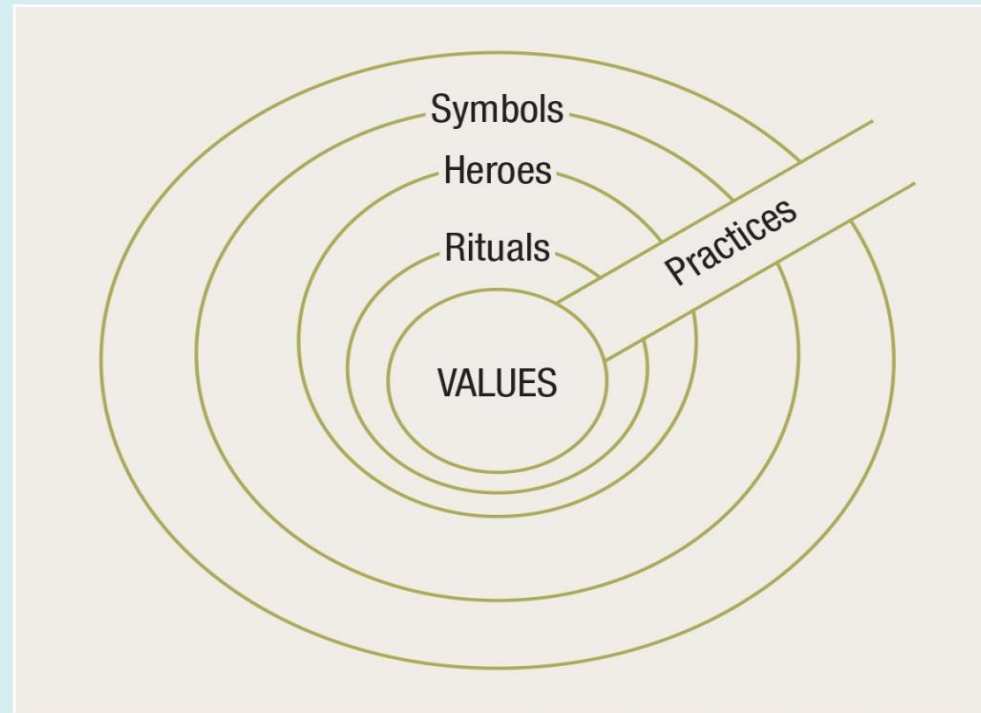


These change in different markets- What information sources are at their disposal, who is influencing the decision. What is the cognitive process. What is a habitual product. What level of service is expected.

Expressions of culture (more tangible for marketers)

What is their motivation?

FIGURE 4.2 The 'onion diagram': manifestations of culture at different levels of depth



SOURCE: Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, 2nd edn, Thousand Oaks, CA, Sage Publications. 2001, ISBN 0-8039-7323-3 © Geert Hofstede, B.V. quoted with permission.

Values are the CORE element of culture, regardless of the foreign market operating in or being entered. how culture can manifest itself. Values embody contrasts such as **good versus evil and ugly versus beautiful**

What is beautiful? (Video-last week)

Materialism

Admiration

Individual value, but group culture

Affiliation

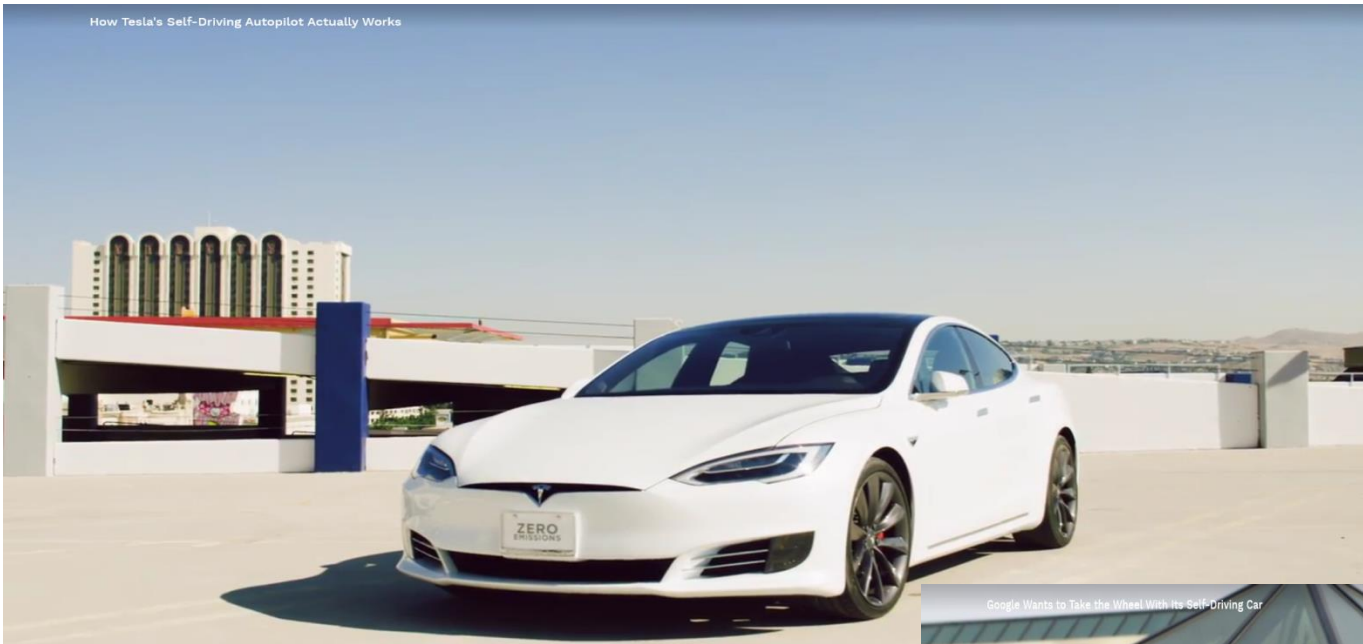
Psychology

Status

Wealth-economic development

Pop culture-symbol





Impact of Culture on International Marketing

- Conditions **needs and wants** of potential buyers
 - **Marketing is satisfying those needs and wants**
- Impacts on the way messages are received and interpreted
 - **Perceptions: perception is reality**
- Pervades all elements of the marketing mix
 - **Product, price, place and promotion-marketing activities**



Break time

- 10 minutes...please feel free to use your phone



International CB issues: Branding and marketing communications implications

- **White:** symbol for mourning in Far Eastern countries however in Australia, US and NZ purity
- **Purple:** Death in Latin America
- **Blue:** femininity in Holland, Masculinity in Sweden and US
- **Red:** Unlucky or negative in Chad, Nigeria, Germany. Positive for Denmark, Romania Argentina and all Chinese based cultures (Lucky bag)
- **Yellow flowers:** sign of death in Mexico, infidelity in France
- **White lilies:** Death in England
- **Number 7:** Unlucky in Ghana, Kenya, Singapore. Lucky in Morocco, India and US.
- **454 or 545 or 444-Chinese culture**

Red Bull®



ENERGY DRINK

What level of service do you expect?



International CB issues

Kissing to say hello:
In Japan? In China?



Cultural
values

Norms: Specify
range of
appropriate
behaviour



Consumption pattern

Sanctions:
penalty for
violating the
norms

Eg transport: Japan mobile phone



**Social disapproval to
banishment from the group**







後でやろう。

Please do it later.



車内では荷物の取り扱いにご配慮ください。
Please be considerate of others when
handling baggage on the train.



JR 東日本



JR 西日本

家でやろう。

Please do it at home.



駅内では静かにお願いします。
Please don't run with others.

飲屋でやろう

Please do it at the pub.



駅内では静かにお願いします。
Please don't drink alcohol on the train.



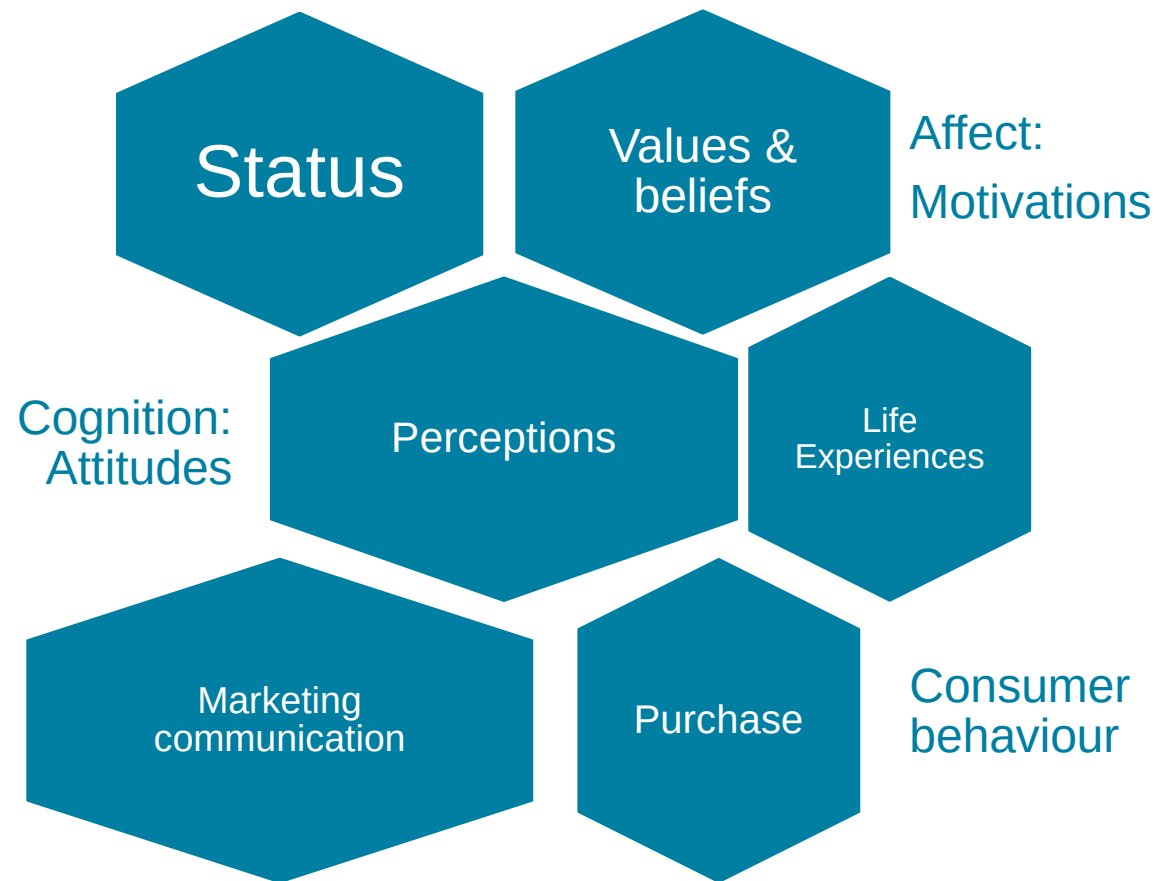
**Jim sits on the quiet carriage.
He shuts his goddamn mouth.
Good on you Jim.**

**Train etiquette.
Super simple stuff.**



QueenslandRail

Concepts of CB in international markets



What is safe?



**Emotional motivation
for the purchase, life
style pattern, disposable
income, brand
preference (status)**

What is safe?



Value and beliefs



TAKATA AIRBAG RECALL

- 
- More than **100 million cars** recalled worldwide.
 - **2.1 million cars** affected in Australia.
 - More than **180 injuries** and **18 deaths** worldwide.
 - **58 models affected** sold by more than **13 car manufacturers** in Australia.

choice
CHOICE.COM.AU

What is shopping?



What is the motivation, influence, status, prestige, value perception, price –quality

What is shopping?



Experience-positive/ negative –this drives demand
in a competitive environment –Australia?

What is shopping?



Consumer Behaviour

What is considered for consumption What is Ice Cream?



Consumer behaviour-consumption

What is sport?



Status, affect, life style

What is sport?



Life experience, prestige

Religion, culture -contemporary

Student: Australia-Taiwan-Japan



Student: Australia-Taiwan-Japan



Student: Australia-Taiwan-Japan?



Student: Australia-Taiwan-Japan



Korean shopping... Australia... Using smart phones?



Impacts on price setting:

- Culture
 - Influences bargaining over price
 - Interest regarded as usury (lending)
 - Price viewed as a surrogate indicator of quality
 - Acceptability of 'loading the price' to cater for various pay-offs
- Location and environment
 - Influences operational costs of exporting



International CB in practice

- Hong Kong Disney versus Euro Disney 2005 Lantau Island
- Target at Mainland Chinese
 - Superstitious (burning to the gods)/numbers 4, Green hat-adultery
 - Clocks are forbidden
- Feng Shui- Heavily based on water-Failure is usually associated with Feng Shui
 - The entrance gate was shifted 12 degrees to maximise the positive energy flow
- Compared to the failure of the first few years of Euro Disney



International CB in practice



- Feng Shui-Chinese culture, Japan and Vietnam also (shapes of the mountains and direction of water such as rivers)
- Spirits and numbers- Eg Beijing Olympics 08/08/08 at 8pm
- The West (especially the US) is a net exporter of popular culture.
- Many consumers have learned to equate Western lifestyles in general- English language in particular with modernisation and sophistication many Western brands are slowly incorporating themselves into local cultures.
- Survey conducted by a marketing research firm in Beijing found that nearly half of all children under the age of 12 think that McDonald's is a domestic Chinese brand...What does this say about Chinese promotions?



Milk in China

- Dairy consumption in China is still a relatively new phenomenon
- A decade ago only babies and the elderly would consume milk
- However in 1999 sales of UHT milk grew at an annual rate of 86%
- Consumer behaviours are slowly changing as more people understand the positive health benefits of consuming milk
- However- tainted milk scandal of late has hindered sales



International country sub cultural markets



Vending machine







Summary

- ICB is how people think about what they buy and how they products in response to communication messages in different countries/cultures
- ICB is the process involved with individuals or groups
- Globalisation has increased the need for SMEs to essentially go global. Even the playing field with MNEs
- Products need to be modified before they can be sold in foreign markets. Influential factors include; product standards and regulations, measurement and calibration, trademarks, climate and usage, language and symbolism, style, design and taste, technology issues and performance and warranty and servicing issues.

AMB336 International Marketing

Assignment One

Criteria Sheet – Case Study

Name & Student no. _____ Tutorial no. _____ Word count _____

Grade	7	6	5	4	Fail
Mark	15-12.75	12.74-11.25	11.24-9.75	9.74-7.5	7.49-0
Analysis					
Understanding environmental and ethical issues and underpinning ethical concepts in relation to the context /15	A clear understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by high-level literature research.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	A failure to mention some issues
Demonstrates knowledge of relevant social/ cultural and consumer behaviour considerations /15	Analysis is logical. A sequenced identification of key issues are justified by solid persuasive argument & related to the consumer and country context. Analysis related to international ethics takes into account not just a singular viewpoint of an argument . Argument is well support by a quality international marketing related ethics theoretical platform	Analysis is logical whereby a sequenced identification of key issues are justified by solid argument & related to consumer and country context. Analysis takes into account not just a singular viewpoint. Argument is well support by international marketing related ethics literature	Analysis is logical whereby key issues are justified & related to consumer and country context. Analysis takes into account just a singular viewpoint . Argument is well support international marketing related ethics literature	Analysis is logical whereby key issues are highlighted & related to consumer and country context.	Fails to analyse logically. Key issues are not justified & not related to consumer and country context.
Evaluation					
Mark	20-17	16.9-15	14.9-13	12.9-10	9.9-0
Ability to recommend and justify international marketing action in the given case /20	Well thought out evaluation of solution . Solution is based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution is limited and or
/50	Student capabilities: Have a Social and Ethical Understanding (SEU): 5.1 Apply ethical reasoning, standards or codes of practice relevant to the discipline and make decisions that are informed by social and cultural understanding				
Grade:	7= 50 to 42.5	6= 42.4 to 37.5	5= 37.4 to 32.5	4= 32.4 to 25	Fail= 24.9 to 0

Environmental analysis –Ethical comprehension and application. Solid understanding of the pertinent issues in relation to ethics and the environment. (L1 &2) **Tutorial 1, 2-3**

Understanding of the core cultural, consumer behaviour social elements of the international marketing context. Related to the product, brand and company as well as country context. (L3 &4) **Tutorial 1, 2, 4**

International Marketing promotions application and justification –linked to previous section so as to support earlier discussions (L5) **Tutorial 1, 2 4**

For example: in your paper you could use these type of arguments,

- Hofenk, D., van Birgelen, M., Bloemer, J., & Semeijn, J. (2017). How and When Retailers' Sustainability Efforts Translate into Positive Consumer Responses: The Interplay Between Personal and Social Factors. *Journal of Business Ethics*, 1-20.
- Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saaeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of business research*, 68(2), 341-350.
- Russell, C. A., Russell, D. W., & Honea, H. (2016). Corporate social responsibility failures: How do consumers respond to corporate violations of implied social contracts?. *Journal of Business Ethics*, 136(4), 759-773.

End