Hester van Herk · Carlos J. Torelli *Editors*

Cross Cultural Issues in Consumer Science and Consumer Psychology

Current Perspectives and Future Directions

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Chapter 1
Advancing Our Understanding of Cross-Cultural Issues in Consumer Science and Consumer Psychology

Hester van Herk and Carlos J. Torelli

With globalization, the world has become more multicultural and brands from every corner of the world are gaining access to global markets (Torelli, 2013). In this environment, there is a pressing need for researchers to better understand how cross-cultural issues impact consumer science and consumer psychology. In globalized markets, issues related to culture-based segmentation within countries and between countries, culture mixing in product offerings and brands, biculturalism, and multiculturalism are becoming increasingly important. The chapters in this book offer researchers a thorough review of the key cross-cultural frameworks and methods to advance research in consumer science and consumer psychology.

The book is divided in three parts: Part I reviews key issues in cross-cultural consumer science and consumer psychology. Chapters in this part of the book review basic cultural frameworks at the country and the individual level, and discuss how to integrate culture in frameworks of consumer science and consumer psychology. Part II of the book focuses on the impact of culture on business performance and decisions. This section reviews consumer favorable and unfavorable attitudes towards nations and products associated with specific nations, as well as the role of culture for branding decisions and the challenges marketers face in emerging markets. Finally, Part III of the book zooms in on methodological issues for conducting cross-cultural research, including measurement issues and methods to analyze cross-cultural data.

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Key Issues in Cross-Cultural Consumer Science and Consumer Psychology

Incorporating culture into frameworks of consumer science and consumer psychology requires a solid understanding of culture as a construct, as well as of its impact on people's judgments and behaviors. Culture is a multifaceted construct that is often analyzed at two different levels of analysis: at the level of countries or at the individual level.

In Chap. 2 of the book, Maseland and van Hoorn (2017) discuss the idea of measuring the culture of countries and the different views therein. The authors review the theoretical foundations for studying culture at the country level, highlight the use of countries as a unit of analysis, and pay special attention to the way in which a group-level construct such as culture impacts individuals' values and beliefs. This chapter introduces key frameworks of national culture such as those by Hofstede, GLOBE, Inglehart, and Schwartz. The authors emphasize debates concerning the extant frameworks conceptualizing and quantifying cultural differences between countries in different dimensions, which feed into open questions concerning culture at the country level.

Chapter 3 moves away from culture at the country level and focuses on culture as an aspect of the individual. In this chapter, Wong and Lee (2017) provide an overview on cultural theories to explain variations in individuals' values, attitudes, and behaviors. The authors review foundational models and provide a framework that integrates the multilevel influences (macro-, meso-, and micro-) on individuals within each culture. The chapter not only introduces the main individual level framework by Schwartz but also includes the tightness-looseness construct focusing on differences in strength of social norms within societies.

In Chap. 4, Torelli, Rodas, and Lahoud (2017) review academic research on how culture impacts consumer behavior and persuasion. This chapter focuses on findings related to the two most common approaches used to model the behavior of cross-cultural consumers: the cultural syndromes approach and the dynamic constructivist theory of culture.

Finally, Chap. 5 by van Herk and Poortinga (2017) highlights the importance of a pragmatic approach to cross-cultural analyses. The chapter is oriented primarily towards the prediction of differences between countries, and the emphasis is more on the proportion of variance that can be accounted for by a nation-level variable in empirical data than on culture's specific meaning or even its validity for a targeted construct.

Culture and Its Impact on Business Performance and Decisions

After introducing key cross-cultural frameworks and reviewing how culture impacts the judgment and decisions of consumers, the second part of the book focuses on the impact of culture on business performance and decisions. In Chap. 6, Riefler (2017) reviews how consumers' culture-related characteristics affect their product attitudes. This chapter provides an overview of the most prominent consumer sentiments towards foreign countries and the home country, such as consumer ethnocentrism, consumer affinity, consumer animosity, or consumer cosmopolitanism. It highlights their relevance for companies with regard to consumer decision-making and target marketing.

Chapter 7 by Zeugner-Roth (2017) moves beyond consumer-level factors to the country-related signals in products and brands, and how they impact consumers' attitudes and behaviors. This chapter focuses on country-of-origin (COO) effects, and reviews the basic concepts and models used in COO research, but also challenges them, and provides an agenda for future research.

In Chap. 8, Gürhan-Canli, Hayran, and Sarial-Abi (2017) focus on the role of culture in branding decisions. They review academic research on the culture branding interface and present a structured analysis of the major findings on how the changing landscape of cultural influences affects brand perceptions. This chapter elaborates on how the cultural context and culturally sensitive consumer segments affect branding practices, and how consumer–brand relationships are shaped by culturally relevant values.

Finally, in Chap. 9, Viswanathan (2017) zooms in on issues related to emerging markets. Specifically, this chapter situates at the confluence of culture, low income, and low literacy, and introduces the bottom-up approach adopted in the stream of work on subsistence marketplaces. This chapter highlights the importance of considering the continuum of marketplace exposure and access ranging from isolated tribal communities, to rural communities, and urban communities. It identifies the cognitive characteristics of consumers in subsistence marketplaces and elaborates on the consequences for understanding consumer behavior.

Methodological Issues for Conducting Cross-Cultural Research

The last part of the book focuses on methodological issues for conducting cross-cultural research on consumer science and consumer psychology. Specifically, Chap. 10 by Baumgartner and Weijters (2017) describes two major strategies for enhancing cross-cultural comparability: (1) a priori methods to ensure the comparability of data in cross-cultural surveys and (2) post hoc methods to ascertain data comparability and enable comparisons in the presence of threats to equivalence.

Finally, in Chap. 11, Van Herk and Fischer (2017) describe what multilevel analysis is and introduce major methods when dealing with multiple levels of analysis (e.g., individual and country). The chapter elaborates on the key issues in multilevel analysis being aggregation and isomorphism, and finalizes with a discussion on the conventional top-down approach in which higher levels affect individuals and the recent bottom-up approach in which individuals via their attitudes and behaviors affect societal norms.

Conclusion and Look into the Future

Research attention on the role of culture in consumer psychology and consumer science is expected to increase over the next decade. Not only is there an increasing diversity of societies due to immigration patterns by different cultural groups (e.g., Hispanics and Chinese in the USA), but there is also an increasing awareness of regional differences within nations (Harrington & Gelfand, 2014; van Herk & Poortinga, 2012). Consumers in the same region share a similar context (history, climate) making them different from consumers from other regions.

Culture is important, but a main question we still need to ask and which becomes more important in the current globalizing world is how best to measure culture. National-cultural frameworks (e.g., Hofstede) are widely used in many fields, including consumer science and consumer psychology, to explain phenomena. However, we should be aware that there are still many open questions regarding the operationalization of culture. How stable is culture over time? Are we using the right variables to measure it? Beugelsdijk, Maseland, and van Hoorn (2015) investigated the stability of Hofstede's scores and found that, at the nation level, change is absolute between countries, rather than relative. In the last decades, countries have become more individualistic. However, this pattern was less consistent for the United States, the nation being most prominent in consumer psychology. Other interesting questions pertain to the conceptualization and quantification of national culture (Chap. 2 this book). Van Herk and Poortinga (Chap. 5 this book) even challenge the use of culture by using both economic and national-level culture data to peel of variance of product sales data. Studying cultures at the national level is still a developing field that requires further research.

Consumer research has long focused on consumers in developed nations, and the United States in particular; this despite the fact that the emerging and developing countries are far larger in numbers of people. Burgess and Steenkamp (2006) created an awareness of the importance and the challenges of doing consumer research in developing nations. Since that time, several studies have been published including consumers from emerging markets (Kravets & Sandikci, 2014; Strizhakova & Coulter, 2013) as well as studies on how to do research in subsistence markets (Ingenbleek, Tessema, & van Trijp, 2013). However, given the challenges involved in conducting research in emerging markets, and particularly so in subsistence markets, research in such developing markets remains underrepresented in consumer science. Viswanathan (2017) describes the importance of subsistence marketplaces in consumer research to gain a better understanding of consumer psychology in general.

Consumers in every nation are confronted with certain social norms. For instance, consumers also face norms about how one should look at products from foreign countries. There is an increasing trend to promote "buying local" products, and for countries to impose (or talk about imposing) trade-barriers and tariffs on imported products. It would be an interesting avenue for future research to investigate the effects of such a context on ethnocentric attitudes of consumers. When multi-country data are available, a new development in consumer sentiments and country-of-origin effects may thus be in combining the national and individual level, also by performing (quasi-)experimental research (chapter Riefler).

A last development we want to emphasize can be the dynamic relationship between national culture and individual culture. Individuals change due to their experiences in the context they are in (e.g., environmental pollution, violence); such changes may affect opinions of the groups they are in and also the national norms. This bottom-up approach to culture underscores the interest on how national culture may change over time due to bottom-up processes, and on the factors that may accelerate or inhibit the process of cultural change. In addition to the traditional top-down approach, new developments in multilevel theory (see Chap. 11 this book) introducing a bottom-up approach can be an important tool for investigating these interesting questions.

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Chapter 2
Culture at the Country Level

Robbert Maseland and André van Hoorn

Introduction

This chapter introduces some of the major frameworks that have been developed to conceptualize and quantify differences in culture between countries as well as key debates surrounding these measurement exercises. In reviews of culture research, it is common to lament the many different definitions of culture that are available in the literature. In contrast, we find that several useful definitions of culture exist, all of which can serve as a basis from which to start measuring the culture of countries and cross-national differences therein. While the topic of this chapter is culture at the country level, we want to do more than merely survey the literature on this topic. Specifically, we not only seek to acquaint readers with the major national culture frameworks as they are used in the literature but also with some of the most fundamental debates concerning measures of (national) culture and their use in research. If this chapter lives up to its intentions, it should provide readers with a critical and inquisitive mind-set rather than ready-made answers concerning culture at the country level.

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Culture at the Country Level

We understand culture at the country level or *national culture* to be about norms, beliefs, and values that distinguish one national community from another and are transmitted from one generation to the next more or less unchanged (cf. Hofstede, 2001). A *nation* is a collective of individuals sharing certain relatively stable characteristics such as a language, history, traditions, and habits. Nations are usually linked to a territory to which they have perceived historical ties. These commonalities are what bind people in a national community and give rise to a shared national identity. Thus, the French nation refers to the group of people that share a distinguishable set of beliefs, values, symbols, and traditions that collectively characterize them as French (and identifies them as distinct from Germans, Italians, et cetera).

When a state legitimizes its political claim over a territory and a people through adopting a national identity, we call such a state a *nation state*. In the political narrative of such a state, its borders ideally overlap with the borders of the national community and the territory it claims. One of the most fundamental assumptions in national culture research is the acceptance of the claim that states represent national culture so that studying the people living within a state's boundaries means studying a single, coherent culture. The French national culture then amounts to the norms, values, and beliefs of the people living in France. We discuss the validity of the assumption that countries represent cultures later on in Sect. "Shared Conceptual Foundation: Nations as a Unit of Analysis".

Importantly, national culture is a property of groups of individuals. Hence, just like, for instance, social inequality, culture is a characteristic that is tied strictly to a specific group comprising multiple individuals and does not exist at the individual level (Welzel & Inglehart, 2016). Nevertheless, studying national cultures requires that we start with the observation of individual behavior, values, and beliefs, through survey instruments, behavioral experiments or otherwise.[1] Measures of national culture are derived from these individual-level observations through some form of aggregation. In turn, researchers are usually interested in national culture because it affects the behavior of (groups of) individuals. For these reasons, any framework for studying culture also implies an underlying theory about the bidirectional relationship between individual values and beliefs and collective, cultural values and beliefs.

Such a theory can take different forms, ranging from undersocialized to oversocialized perspectives (Granovetter, 1985). At the undersocialized extreme, culture is simply individually determined values and beliefs aggregated at the national level. In this perspective, national culture is essentially a level of analysis, but does not itself have any separate conceptual meaning. The relevant concept revolves around the values that individuals have, which can be measured at various levels of

[1] Cross-country surveys are the most popular instruments for measuring national culture by far (Taras, Rowney, & Steel, 2009). In addition to experiments (e.g., Herrmann, Thöni, & Gächter, 2008), people have also used systematic analysis of published texts to derive and quantify differences in national culture (see, for example, McClelland, 1961; Michel et al., 2011; Skrebyte, Garnett, & Kendal, 2016).

aggregation of which the nation is one. Other levels of aggregation or units of analysis are widely considered in the literature, however, including gender, social class, birth cohort, occupation, religious denomination, et cetera (Hitlin & Piliavin, 2004; Kohn, 1969; Schwartz & Rubel, 2005; van Hoorn, 2015b; van Hoorn & Maseland, 2013). At the oversocialized extreme, culture is a historically given context that autonomously determines what individuals believe, strive for, or value. In this view, culture is not only inescapable as one of the main factors influencing individuals' behavior and dispositions but also largely immutable, comparable to countries' weather or geography (Hofstede, Hofstede, & Minkov, 2010).

Most approaches take a position in between these two extremes. A particularly fruitful balance between the oversocialized and undersocialized extremes is to view culture as an *emergent property* at the level of society, resulting from the interaction of individuals with each other and their environment. In this view, culture is not just the aggregate of the personal values of individuals but also the product of the interplay between individuals acting on their values. This emergent property in turn influences the beliefs, values, and behavior of these individuals so that people within a national community develop shared norms, values, and beliefs.

This general idea can be captured in the broad model that we use as the theoretical backdrop for this chapter (Fig. 2.1). This theoretical model describes the bidirectional relations between culture and individuals' values: culture emerges from the interaction between individuals acting on the basis of their values, while culture, in turn, feeds back into the values of these same individuals (Schwartz, 2014). In this model, individual-level or personal values are only partially determined by the societal-level construct known as national culture and also the product of personal characteristics such as gender, age, education and, not least, personality. Moreover, societal-level influences extend beyond culture (or informal institutions) to include the formal institutional environment (North, 1990; Williamson, 2000).

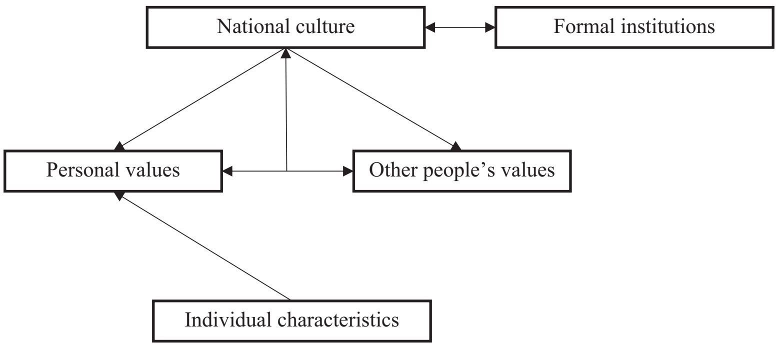

Fig. 2.1 Cultural, individual, and environmental influences on personal values (Source: adapted from Schwartz, 2014)

Frameworks of National Culture

Historical Background of National Culture Studies

The idea that countries possess collective traits that differentiate them from others emerged most prominently in eighteenth century Europe. It was strongly linked to the formation of modern states at the time, which required the breakdown of traditional, local institutions. In this process, control over a territory came to be increasingly exercised through statewide, institutionalized laws and governing organizations. This had the effect of tying the people living in a state's territory more and more together. The manifestation of national laws and governing principles presented a strong unifying and homogenizing force over a state's subjects. Increasing interaction between citizens from different intranational regions and communities, spurred by the state's internal institutional harmonization, intensified this process.

While the development of state institutions homogenized populations within the state's borders, it also served to highlight the differences between national populations (e.g., the French vs. the Germans). Observers became increasingly aware of the unique ways in which different societies developed. de Montesquieu (1949) attributed these differences to the interplay of national laws, government maxims, mores, customs, and natural circumstances, creating a distinct *esprit general* in each society. In Germany, Herder (1968) went a step further, arguing that different national characters were not the outcome of societal development, but provided the underlying cause of different development paths in the first place. In this view, nations were intrinsically distinct from each other by language, inclinations, and character. National development had to be understood as the actualization of these innate qualities (Herder, 1968; Roscher, 1918).

On the one hand, this notion of a singular national character was descriptive—it presented the societal product of modern state-building, homogenizing experiences, codifying languages, laws and regulations, and concentrating interactions within state borders. On the other hand, the concept of national character was decidedly prescriptive. Reference to a supposed underlying national spirit legitimized the increasing control of the centralized state over its citizens' lives and helped to consolidate its power. Rousseau (1964) argued that common norms, values, and habits helped create a sense of collective national identity, which protected territorial integrity and acted as a safeguard against foreign domination. For this reason, societies needed to have a national character; where it did not exist, states needed to develop one (Rousseau, 1964, p. 913). Likewise, Herder (1969, p. 324) denounced multinational states, labeling these "but patched-up contraptions, fragile machines, appropriately called state-machines, for they are wholly devoid of inner life, and their component parts are connected through mechanical contrivances instead of bonds of sentiment." In other words, state borders needed to coincide with national borders. The concept of national character was thus an intrinsic part of the propagation of the modern nation state, both inspiring and resulting from unification policies of new states (Beugelsdijk & Maseland, 2011; Neiburg, 2001).

In the early twentieth century, the idea that national peoples had distinct characters culminated in the emergence of a new science of cross-cultural psychology, starting with Wilhelm Wundt's 10-volume book series on *Völkerpsychologie*. The specific aim of this series was to identify the common psychological essence that bound a people together and set it apart from the rest of the world (Beugelsdijk & Maseland, 2011; Wolf, 1999). National character became a popular subject in the USA in the 1930s and 1940s, where it was linked to the Culture and Personality school in anthropology (Neiburg, 2001). Not unlike Wundt's *Völkerpsychologie*, the Culture and Personality school assumed strong links between types of culture and types of personality, allowing researchers to apply psychological profiling to entire cultures. Its popularity in the 1940s was partly inspired by a need to develop a deeper understanding of the psyche of enemy nations. Benedict's (1946) famous "The Chrysanthemum and the Sword," for example, attempted to provide an insight on the personality of the Japanese. It was commissioned by the U.S. Office of War Information to help war efforts.

This strong link to wartime policies contributed to the loss of popularity of national character studies after WWII. After two devastating world wars, both fueled by nationalist myths, the idea that beliefs, values, and personality types could be attributed to entire nations had become highly suspect. The breakdown of colonial empires and the coming to terms with the colonial past added to this critique. The postcolonial perspective criticized the notion that the "Other"—whether it referred to the Japanese or to colonial subjects—could be entirely described in terms of a collective, static culture. Such a perspective denied colonial subjects a voice and an individual rationality of their own (Said, 1978). In this context, the idea that nationality and character are associated became highly controversial and was criticized for being simplistic and essentialist (Beugelsdijk & Maseland, 2011).

After the 1950s, studies of national character were rare. The most notable exception was McClelland's *The Achieving Society* (1961), in which the author related differences in economic development to differences in achievement orientation in country's cultures. Measures of achievement orientation were derived from a content analysis of children's books from 41 societies, quantifying the extent to which these stories taught the value of working hard for an objective. Being primarily motivated by a desire to explain differences in economic performance, McClelland (1961) focused on achievement motivation as a variable highly informative of growth differences, not necessarily as a variable capturing a very relevant aspect of cultural differences as a whole. For this reason, the work only provided limited insight on differences in national culture.

Interest in national culture and, particularly, its quantification rekindled with the publication of Hofstede's (1980) *Culture's Consequences*. In this seminal work, Hofstede exploited questionnaire data on the attitudes and beliefs of middle managers worldwide employed by US multinational IBM. The main innovation in the book was the insight that variation in average scores on individual survey items between countries moved together in systematic ways. This observation allowed Hofstede (1980) to use factor analysis on country-level scores and identify several culture dimensions on which all societies could be scored. The idea of looking at cultural differences through the lens of universal, empirically identifiable dimensions of national culture provided a way to quantify cultural differences. This approach sets off an explosion of literature linking numerical measures of cultural differences to all kinds of outcomes and phenomena (Hofstede, 2001). While most of this literature used the indicators developed by Hofstede (1980), his basic approach to measuring cultural differences has also been followed by others, most notably Schwartz (1994) and the Global Leadership and Organizational Behavior Effectiveness Research or GLOBE project (House, Hanges, Javidan, Dorfman, & Gupta, 2004).

Finally, there is an important subfield in the national culture literature that deserves explicit mentioning, although we do not elaborate on it in this chapter. This literature has considered so-called cultural distance between countries as a factor affecting cross-border cooperation and exchange (Kogut & Singh, 1988; see also van Hoorn & Maseland, 2014; Shenkar, 2001). In this literature, country scores from culture frameworks such as those by Hofstede (1980) or GLOBE (House et al., 2004) are used to quantify cultural (dis)similarities between country dyads. Two countries are deemed more culturally close when the absolute differences between their scores on dimensions of national culture are smaller. The underlying idea is that the stronger the differences in scores on the culture dimensions between countries, the more difficult it is to organize exchange between actors from these countries (Ghemawat, 2001; Shenkar, 2001).

Leading Frameworks of National Culture

Table 2.1 summarizes some of the leading frameworks of national culture. As most readers are probably already familiar with these frameworks and their specific dimensions, we do not dwell on the most prominent features of these frameworks. Instead, we use this opportunity to emphasize lesser-known features of these frameworks as well as provide some background. Readers interested in learning more details on these frameworks are strongly encouraged to check the original sources.

Hofstede's (1980) framework is undoubtedly the most widely used national culture framework. As indicated, Hofstede applied factor analysis to country-level data from an attitudinal survey held among employees of US multinational IBM in the late 1960s and early 1970s. Originally, this factor analysis uncovered three dimensions. However, for conceptual reasons, Hofstede split one dimension into two separate dimensions for four dimensions in total. Motivated by the concern that Hofstede's (1980) four dimensions themselves might be culture-bound, a replication exercise spanning non-Western countries, particularly China, rendered evidence of a fifth dimension, independent of—and therefore adding to—Hofstede's original dimensions (The Chinese Culture Connection, 1987). The researchers that uncovered this dimension called it Confucian work dynamism, while Hofstede added it to

Table 2.1 Key features of the main frameworks of national culture

	Dimensions	Interrelatedness of dimensions	Sample questionnaire items	Data availability	
				Country scores	Individual-level data
Hofstede	1. Power distance 2. Individualism 3. Uncertainty avoidance 4. Masculinity 5. Long-term orientation 6. Indulgence vs. restraint	None, though some dimensions are strongly correlated	How important is it to you to… have training opportunities (to improve your skills or learn new skills) (individualism)[a] How long do you think you will continue working for [IBM]? (uncertainty avoidance)[a]	Yes, from Hofstede's personal website, www.geerthofstede.nl	No, destroyed[a]
Schwartz	A.1 Egalitarianism A.2 Hierarchy B.3 Harmony B.4 Mastery C.5.I Embeddedness C.6.II Intellectual autonomy C.7.II Affective autonomy	Basic cultural values form higher-order dimensions and differ systematically in their mutual compatibility/opposition to create a so-called values circumplex	Schwartz has developed different item batteries, which involve different values questions that allow researchers to measure the cultural values dimensions of his framework	Yes, by calculating country scores from (publicly available) individual-level data	Yes, either from the Israeli National Science Foundation or from the European Social Survey
Inglehart (& Welzel)	1. Traditional vs. secular/rational 2. Survival vs. self-expression	Not a defining property but probably orthogonal	How proud are you to be [nationality]? (traditional vs. secular/rational)[a] Political action recently done: signing a petition (survival vs. self-expression)[a]	Yes, by calculating country scores from publicly available individual-level data	Yes, via World Values Survey and European Values Study

(continued)

Table 2.1 (continued)

	Dimensions	Interrelatedness of dimensions	Sample questionnaire items	Data availability	
				Country scores	Individual-level data
GLOBE	1. Performance orientation 2. Assertiveness 3. Future orientation 4. Humane orientation 5. Institutional collectivism 6. In-group collectivism 7. Gender egalitarianism 8. Power distance 9. Uncertainty avoidance	Dimensions are not interrelated but the framework distinguishes between cultural values (as should be) and cultural practices (as is)	In this society, people are generally: aggressive ↔ nonaggressive (assertiveness, cultural practices)[a] In this society, people should be encouraged to be: aggressive ↔ nonaggressive (assertiveness, cultural values)[a]	Yes, in House et al. (2004)	Yes, but not publicly available

[a]In recent work, Hofstede has not only extended his original framework (Hofstede, 1980) to include additional culture dimensions but also relied on non-IBM data, which are publicly available from the World Values Survey and European Values Study (Hofstede et al., 2010). More generally, Beugelsdijk et al. (2015) find that, with the exception of Masculinity, Hofstede's dimensions can be replicated using data from the World Values Survey and European Values Study

his framework and labeled it long-term orientation (Hofstede, 1991). A sixth dimension, Indulgence vs. Restraint, was added to his framework after Minkov (2007) conducted a factor analysis of data from the World Values Survey and uncovered a factor that did not correlate strongly with any of the other Hofstede dimensions (Hofstede et al., 2010).

Similar in spirit to Hofstede's framework is the framework developed by the GLOBE project (House et al., 2004). This framework identifies several dimensions of culture also identified by Hofstede but added a few novel dimensions for nine dimensions in total. A second novelty is that the GLOBE researchers considered two types of measures of national culture, namely cultural values and cultural practices. Practices thereby refer to society "as is," while values refer to society as "should be."

Clearly distinct from Hofstede's framework, though following the same generic approach, are the frameworks by Shalom Schwartz (e.g., Schwartz, 1994, 1999, 2006) and Ronald Inglehart (e.g., Inglehart, 1997), the latter later refined by Inglehart and Welzel (2005). Inglehart started out studying value change in Western societies, particularly the effect of affluence on the extent to which people emphasize non-materialist goals such as autonomy and self-expression over materialist goals such as economic security (e.g., Inglehart, 1977). He is director of the World Values Survey, which is a research network that since its inception has collected data on people's values, beliefs, and attitudes in more than 100 countries worldwide. As an extension of his work on materialist/post-materialist values, Inglehart developed a framework of cultural differences along two dimensions, each with two extremes: traditional vs. secular/rational values and survival vs. self-expression values.

In similar fashion, Schwartz started out studying universals in people's basic values (see, also, Chap. 3 in this volume). He developed a framework of personal values with two outstanding features. First, values do not have absolute but only relative priorities, meaning that values can be important or unimportant only when compared to other values. Second, values have strong structural interrelationships, depending on whether they emphasize goals that are compatible or opposing. Applying some of his insights concerning personal values at the level of collectives, Schwartz developed a framework of cultural values that emphasized both the structural interrelations of cultural value orientations and the deep roots of these values in the way societies have solved fundamental dilemmas in the regulation of human behavior (see Sect. "Shared Conceptual Foundation: A Dimensional Framework of Culture" for more details).

Overall, researchers that seek to consider national culture in their work have an array of frameworks at their disposal. We encourage readers to draw on or combine those frameworks that appear most relevant for their subject of study. Meanwhile, some frameworks, though not among the most popular, may have certain advantages, for instance, data availability or stronger conceptual foundations that would make them very attractive to use (see Table 2.1). At the least, we recommend not relying on popularity alone but consider all the obvious and not so obvious advantages and disadvantages of available frameworks.

Conceptual and Operational Foundations of the National Culture Frameworks

In many ways, Hofstede (1980) provided a blueprint for studies of national culture. Although alternative frameworks have been developed since, all these frameworks share a set of fundamental characteristics. Conceptually, all leading frameworks analyze culture in terms of *culture dimensions* and focus on differences in *national* culture. Operationally, they all rely on the aggregation of *individual-level survey data* to capture cross-national differences on these dimensions. We discuss these shared conceptual and operational foundations of national culture frameworks one by one.

Shared Conceptual Foundation: A Dimensional Framework of Culture

All leading national culture frameworks analyze cultural differences in terms of dimensions. Countries are scored on these dimensions, allowing researchers to make meaningful comparisons between different countries. The method for obtaining such comparable measures of national culture involves two steps. The first step is about *identifying universality* in the structure of cultural values; the second step is about *identifying idiosyncrasy* in the importance of these values in different countries.

Step 1. Identifying universality

> The starting point for national culture studies is that countries differ culturally from each other. The question to be answered is how much they differ. To answer that question, we need a measure of culture that is meaningful and relevant to all units considered, i.e., to all nations under study. Only when we can evaluate all cultures on a common yardstick, does meaningful comparison become possible. Without such comparable measures, we are comparing apples and oranges. Meanwhile, it is far from obvious that finding measures applicable to all cultures is feasible. Ethnographers have typically taken the position that since all cultures are fundamentally different, there is no set of meanings or concepts that is relevant to all of them. The patterns of behavior and meanings attached to them that have developed in a particular society only make sense within the whole of structures and meanings that is this particular society's culture (Geertz, 1973). Stated differently, if institutions and behavior can only be understood in terms of their own culture, any attempt to fit a culture in an externally imposed conceptual schema is fundamentally misguided (Geertz, 1983).
>
> The first step towards quantifying (national) culture and cultural differences therefore is to identify and demonstrate the existence of universal dimensions on which different cultures can be scored. In other words, we need to find a common structure in the cultural differences between countries. This is usually done on a

theoretical basis, statistically, or both. The most notable example of a priori theorizing is the framework developed by Shalom Schwartz (e.g., Schwartz, 1994, 2006), which extends his earlier work on personal values (Schwartz, 1992). As alluded to above, Schwartz finds that all societies face the same fundamental dilemmas in regulating human activity but that the chosen solutions to these dilemmas can vary on a range. When it comes to the relation between individuals and the collective, for instance, societies' responses can range from complete individual autonomy to being completely embedded in the group. One universal dimension of national culture in Schwartz's cultural values framework subsequently refers to the extent to which individuals are encouraged to pursue their own ideas and intellectual and positive affective experiences (Autonomy) or are members of a collective, sharing goals within a collective, exhibiting in-group solidarity and respecting traditional orders (Embeddedness). Interestingly, Schwartz's framework of cultural values is structurally strikingly similar to his framework of personal values, even though there is no perfect isomorphism between the two levels of analysis, cultures vs. individuals (Fischer, Vauclair, Fontaine, & Schwartz, 2010).

Hofstede (1980), in contrast, uses a statistical approach to uncover structure in cultural differences. Hofstede's framework is founded on patterns discovered when factor analyzing the pre-existing survey data collected by IBM. Hofstede observed that when value X is stressed in a society usually value Y is stressed as well. Moreover, societies would, at the same time, disagree with values A and B. The structure apparently underlying countries' average value scores can be captured in a set of dimensions where X and Y reflect one pole and A and B the other pole. Taking this approach, Hofstede (1980) initially discovered three national culture dimensions. However, as mentioned, Hofstede had theoretical motivations to decide to break up one of these factors in two separate dimensions, specifically Individualism and Power distance.

It should be noted that the choice between a theoretical and statistical basis for the construction of culture dimensions is not absolute. Obviously, theoretically formulated dimensions are only useful when validated empirically. Likewise, the statistically derived dimensions of Hofstede (1980) should be validated by their correspondence to theoretical frameworks.

Step 2. Identifying idiosyncrasy

Step 1 provides an indispensable basis for the second step in the measurement of culture, which is to identify how countries differ on dimensions of culture thus identified. The way in which Hofstede constructed his framework, this second step would be inextricably tied to the first step. In many other cases, however, Step 2 involves some additional challenges, both conceptual ones and practical ones. Specifically, one needs to devise an appropriate measurement instrument, meaning a measurement instrument that is able to capture the identified dimensions in a reliable and valid way. Typically, this empirical operationalization of dimension scores is done on the basis of surveys. Researchers design multiple questionnaire items, using these items to elicit responses from individuals from all the countries included in the study. Taken together, responses to these items are meant to capture a society's score on a particular cultural dimension. An alternative, but less common approach may be to use behavioral experiments. As an example, Schwartz developed his own 57-item values survey, known as the Schwartz Values Survey or SVS, also making several refinements along the way. When it comes to measuring national culture, most attention has been paid to Step 2 and the intricacies of extracting group-level constructs from individual-level (survey) data. Similarly, the most widely discussed limitations of the national culture literature concern the identification of idiosyncrasy, for example, the (face) validity of the measurement instruments used. Notwithstanding, some of the most contentious and difficult parts of measuring national culture and differences therein involve Step 1 more so than Step 2.

Fundamentally, the issue is that in Step 2 we are focusing on the amount of differences between countries on the dimensions in the framework. However, these are just the *differences in degree* of what is actually homogeneous between societies. Any cultural differences that do not fit a universal structure that can be captured by cultural dimensions—*differences in kind*—are left out. In other words, dimensional frameworks focus exclusively on a (small) subset of cultural differences. The main challenge for any comparative national culture framework to be convincing is therefore not to show that cultures are accurately scored on the dimensions. The challenge is to identify a set of dimensions that is both valid and reflects as large a proportion of the actual cultural differences between societies as possible.

Shared Conceptual Foundation: Nations as a Unit of Analysis

As noted, an essential foundation for the national culture literature is the idea or assumption that culture resides at the level of the country. Strictly speaking, this idea involves two separate assumptions. First, culture is assumed to emerge around nations. Second, states or countries are assumed to represent these nations. The distinction between these two assumptions is not widely recognized, neither by advocates nor by critics of the national culture approach (Hofstede, 2001; McSweeney, 2002). Yet, they are clearly separable: the question whether the Catalan nation has a distinctive, coherent culture is independent of the question whether Catalonia is an independent state. Meanwhile, we may still question the validity of these two assumptions. As the Catalan example indicates, the above two assumptions are not obviously true. The claim that the nation is the most relevant unit along which people share cultural values is debatable, while the claim that the Spanish state or even the Catalan region represents this culture is clearly false. Yet, the general framework presented by Fig. 2.1 already suggests several reasons why state borders and cultural boundaries are often likely to fall together, enough so that the national culture assumptions can be viewed to hold.

The basic reason why state borders and cultural boundaries can meaningfully coincide is that, as mentioned above, states act as homogenizing forces (Lamont & Molnár, 2002; Martindale, 1967). They do so in three main ways. First, states are an important source of the external environment with which individuals interact (Fig. 2.1). States set laws, create and maintain institutional arrangements, and develop policies. States further make political decisions—going to war, printing money—that have consequences for the nation's population as a whole. Finally, states may actively promote certain shared values and ideas among its population or exercise control over the information individuals can access. In doing all the above, states create shared experiences among their citizens. These shared experiences, in turn, are reflected in a degree of sharedness of values that emerges at the level of the country.

Second, states create and support the formal institutions that are necessary for effective and meaningful socioeconomic interaction. Without a well-developed institutional framework, economic exchange and collective action suffer from prohibitive transaction costs. Without clear contracting laws and an accessible judicial system supporting them, it is difficult to trust one another enough to enter into an exchange (North, 1990). Without a shared (official) language, it is difficult to communicate. Because the laws and institutions created by states set the stage for interactions, such interactions end up being relatively concentrated within the jurisdictions of states. Intra-country trade volumes, for example, dwarf inter-country trade volumes (see, for example, McCallum, 1995). This implies that the interactions between "personal values" and "other people's values" in Fig. 2.1 occur predominantly within state jurisdictions. The culture emerging out of these interactions is therefore likely to be a national one, defined by state borders, as well. Hence, when states create the conditions for interaction and exchange, they also create the platform on the basis of which nationally shared cultural values, norms, and beliefs can emerge.

Third, states typically promote the construction of a national identity following territorial borders. Doing so, they foster the emergence of the nation as an imagined community (Anderson, 1983). Nations are typically far too large for all members to interact with each other, certainly not on a regular basis. That implies that nations are not actual communities in the sense of groups of people cooperating and interacting frequently. However, citizens often consider themselves part of a distinctive community of people represented by the nation, as nationality is a chief criterion for social categorization including self-identification (Barth, 1998; Lamont & Molnár, 2002; Smith, 1991). This sense of belonging to a national community creates imagined shared experiences, in addition to the actual shared experiences discussed before. Observing what happens to fellow nationals will be interpreted as part of one's own experience as a member of the nation. What is more, in addition to the fact that states create the institutional conditions for actual interaction and exchange between its citizens, national communities also stimulate a sense of imagined interactions: fellow nationals perceive each other as people they to some extent know and are familiar with, even when they have never met before. Importantly, this reference to an imagined joint national identity in turn facilitates actual interaction between fellow nationals and creates hurdles for interaction with other nationalities. In this way, an imagined national community further fosters the emergence of culture at the national level. In practice, nationality is associated with a range of stereotypes or prejudices (Katz & Braly, 1933; Madon et al., 2001), which in turn can be traced back to specific features of a nation such as its economic success (Lee & Fiske, 2006). More generally, people use nation or nationality heuristically as a signal that allows them to make inferences about unobservable traits of individuals or products on the basis of their membership association with a particular nation (see van Hoorn, 2016 for a recent application to migrant workers; Chap. 7 discusses the literature on so-called country-of-origin effects in (product) evaluations). Overall, nation turns out to be a very natural way for people to draw group boundaries and to consider differences between groups thus identified. The imagination of a national community thus acts as a powerful catalyst for the homogenization of national culture, even without actual interactions and shared experiences.

To be complete, states have not only worked to homogenize culture within their borders; the borders of states are also historically partially determined by national-cultural boundaries (e.g., Desmet, Le Breton, Ortuño-Ortín, & Weber, 2011). The ideology of the nationalism emerging in the late eighteenth century legitimized control of states over a certain territory and people by reference to a shared, common culture and identity. While thus strengthening existing national states, this close ideological link between nation and state eroded the legitimacy of multinational empires, such as the Austro-Hungarian Empire and the Ottoman Empire. It also provided a motivation/justification for the unification of countries such as Germany and Italy. Nationalism thus encouraged the redrawing of the European political map along national-cultural lines. Outside Europe, nationalism played a similarly important role in the breakdown of colonial empires.

For these reasons, while nation, culture, and state are by no means necessarily linked, in practice they are typically associated closely enough to warrant the use of states as units of national culture (Smith, 2004). Indeed, some researchers find nation to be the principal vessel of culture (Wallerstein, 1991). However, it is important to be aware that this close association is a historically contingent one and that it does not necessarily hold for all countries at all points in time. The assumption that states represent distinct national cultures may be justified for twentieth century Europe, but for young states with externally imposed borders such as in Sub-Saharan Africa this assumption is likely more problematic.

Shared Operational Foundation: Reliance on Aggregated Individual-Level Survey Data

If we have decided that we want to measure cultural differences of degree between countries, how can we go about doing so? There are a number of operational characteristics shared by all leading frameworks of national cultural differences. In order to quantify differences in values, all of them make use of data from cross-country surveys designed to elicit respondents' values. A battery of questionnaire items—the measurement instrument—is included in surveys in a large set of countries, enabling systematic comparison of individuals' responses. In order to say something about cultural differences, all frameworks subsequently engage in some form of aggregation of the individual-level survey data to the societal level. These operational features of national culture frameworks bring about important challenges that have been addressed differently in different frameworks.

Instrument and Questionnaire Design

The first challenge is about what questionnaire items to include in one's survey. Culture is about norms, beliefs, and values. Leading national culture frameworks typically focus on studying cultural values, however, even when in practice it is not always clear whether particular questionnaire items for measuring cultural differences truly refer to values only and not to other mental constructs (cf. Table 2.1).[2]

When designing (or selecting) questionnaire items that national culture researchers believe are capturing important aspects of values, these researchers almost inevitably reason from their own cultural perspective. Such culture-boundedness implies that important values are likely to be missed and/or that the measurement instrument may include survey items that are deemed irrelevant by some of the groups of respondents considered. A way to address this is by working with multicultural research teams when designing the measurement instrument and specific questionnaire items. Incorporating perspectives from different cultures would help ensure that proposed survey items have similar relevance in all settings under investigation. Schwartz (1994) and GLOBE (House et al., 2004) have explicitly done so. The IBM survey exploited by Hofstede (1980), in contrast, was not initially designed to capture differences in cultural values and while multicultural teams were involved, these teams were not systematically used to address potential biases due to culture-boundedness. Hence, the items in the IBM survey were not checked beforehand for their cross-national relevance for capturing value differences.[3]

Language and Cross-Cultural Translation of Survey Items

When a suitable measurement instrument has been designed, a second operational challenge concerns language, specifically the translation of the selected questionnaire items. In order to facilitate cross-cultural comparison, researchers need to make sure that selected value items carry the same meaning in different populations. Importantly, in culture research, such translation goes beyond finding the correct

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[2] Values can be defined as non-situation-specific guidelines that provide the basis for evaluation and direct people in selecting between alternative courses of action (Schwartz, 1992, p. 5).

[3] As alluded to above, in later work, Hofstede implicitly acknowledges this concern with his original work and the likely cultural bias present in his framework. Specifically, Hofstede (1991) includes a fifth dimension, long-term orientation, which was identified by The Chinese Culture Connection (1987).

word. Some words simply do not have a direct equivalent in another language and have to be described through circumlocution (Hofstede, 2001). In addition, even when words can be translated, they may have different connotations in different cultural contexts. Words may be much more common in the original language than in their translation, for example, so that the latter may bring connotations with highly educated discourse. Moreover, even when the right words have been found, interview and response styles are likely to differ between cultures (Harzing, 2006; see also Chap. 10 in this volume). All these issues require making use of high-quality translators. A common way of checking the validity of translations is by making use of back-translation: after translation of an item, another translator translates the item back into the original language, after which the resulting text is compared to the original. This approach is followed by Schwartz (1994) and GLOBE (House et al., 2004), among others, but not by Hofstede (1980).

Sampling and Representativeness

When selection and translation of items has been concluded, the next challenge is to select respondents. If the objective is to provide a representative picture of cultural differences, there are several approaches possible. One option is to target a group of respondents for each country that is maximally representative of these countries' cultures. Afterwards, weights may be used to control for underrepresented and overrepresented groups in the raw data. This is the strategy in the World Values Survey (Inglehart, 1997). An alternative strategy is the one advocated by Hofstede (1980): taking a matched sample of respondents that is as homogenous as possible except for nationality. The IBM survey would meet this criterion. The disadvantage of the latter approach is that the resulting data are not representative of countries' populations as a whole. When the research objective is not to accurately describe individual cultures but to identify cultural *differences* instead, representativeness could be less of a problem than it may seem at first sight, however. Specifically, Hofstede (2001) states that by surveying the same small, functionally equivalent segment of the population in all countries one controls for all kinds of omitted variables.

Notwithstanding, the validity of the matched sampling strategy is conditional on the assumption that national culture has a uniform effect on values across all subpopulations of a country. The corollary of this assumption is that the surveyed segment of the population is atypical for the population as a whole in the same way across countries (Hofstede, 2001). In Hofstede's case, consider the (plausible) scenario in which IBM personnel around 1970 was almost exclusively male; in that case, the survey only captures differences in national cultures as long as one assumes that the differences between national male subcultures are identical to the differences between national female subcultures. Such extrapolation of male-only sample results to females has long been discredited in other disciplines (Pinn, 2005), making this a questionable assumption.

For these reasons, other frameworks prefer a combination of matched and representative sampling or avoid claiming that their results hold beyond the specific population segment under study. Schwartz (1994) uses matched samples of schoolteachers and university students to ensure maximum comparability, combining this evidence with occupationally heterogeneous samples of adults to increase representativeness. GLOBE surveys managers only, but limits conclusions to national differences in managerial cultures (House et al., 2004). Such differences notwithstanding, the resulting measures of culture correlate strongly between the frameworks, suggesting that whichever choices one makes does not end up having much effect on measured national culture.

Limitations and Debates in the National Culture Literature

Since the publication of Hofstede (1980), studying national culture in terms of cultural dimensions has become the dominant approach in quantitative culture studies. The popularity of this approach notwithstanding, there are some important limitations associated with it. Some of these are simply generic limitations that are not necessarily unique to measures of national culture. In all comparative research, for example, we want to make sure that we are measuring the same thing for each of the different units of analysis considered (see above). Another such basic issue in comparative research concerns the accurate representation of populations in terms of a minimum number of observations.[4] Some of the limitations are more specific to or particularly challenging for national culture research, however. Hence, to conclude this chapter, below, we discuss what we see as some of the most important issues and debates involving national culture.

Cultural Bias and Ethnocentrism

Given the premise that cultures are different and people from different cultural backgrounds are likely to have different priorities and mental models, it is more than likely that any framework designed to study cultural differences is itself embedded in the cultural background of the researcher. Although the risk of cultural bias is a feature of all universalistic models in social sciences, because of the nature of the subject this type of bias is especially salient in national culture research. We have discussed some of the specific challenges in the discussions of instrument and

[4] So far, the national culture literature has not settled on a clear guideline concerning the minimum number of individual respondents that would be required to ensure that the country scores that one obtains are representative. Hofstede's work suggests that 20 respondents would be enough, although a minimum of 50 respondents would be preferred (e.g., Hofstede & Minkov, 2013). However, if we consider what researchers have done in practice, we can find that the GLOBE project has calculated scores for one of the countries in its sample using 13 respondents (House et al., 2004). In contrast, the World Values Survey and European Values Study, as used by Inglehart, have at least a couple of hundred respondents per country and many times several thousand.

survey design and translation that we presented above. In general, multicultural research teams are the best safeguard against cultural bias, provided members of the team operate on an equal footing and that the multicultural team is involved in all steps of the research design. More fundamentally, however, it may be argued that cultural bias or ethnocentrism is inherent to the project of comparative cultural studies (Clifford & Marcus, 1986; Harootunian, 2005). Radical critics argue that by imposing external categories on a culture, i.e., categories that are not derived from and do not make sense within this particular culture itself, one denies members of that culture a voice of their own. Subjects are thus reduced to a "comparative existence," i.e., they are described in terms of the extent to which they resemble an externally derived idea (Harootunian, 2005) and are apparently unable (or not allowed) to describe themselves in their own terms (Clifford & Marcus, 1986). For this reason, ethnographers often dismiss comparative cultural studies on principle.

The question here is whether cultures are unique wholes that can only be understood in their totality, rendering cultural differences absolute, or whether universal structures are underlying cultural differences between societies. In our view, some of the most important aspects of cultural differences between countries are about different axioms and mental models creating a worldview that is unique to the culture in question. Differences in specific values, however, may exhibit a universal structure, making comparative analysis possible.

The Validity and Relevance of Dimensional Frameworks

The above discussion of the foundations of national culture frameworks has already introduced some issues that speak to the validity of the various measures of national culture available in the literature. In general, the (construct) validity of national culture measures can be undermined by a range of factors. In the debate that followed the appearance of the GLOBE framework, a most prominent validity concern has become whether the leading frameworks of cultural values are in fact measuring cultural values (e.g., Taras, Steel, & Kirkman, 2010). As depicted in Fig. 2.1, national culture is but one of many factors affecting the personal values of individuals. Hence, a specific open question in the national culture literature is whether systematic societal variation in survey responses is of a genuinely cultural nature or perhaps driven by differences in circumstances (Maseland & van Hoorn, 2009, 2010). Maseland and van Hoorn (2011), for example, show that cross-country differences in the valuation of democracy reflect variation in the actual level of democratic institutions in a country rather than underlying cultural dispositions.

An even more challenging threat to the usefulness of dimensional frameworks derives from the idea of universality, as emphasized in the first step of constructing a dimensional framework of cultural differences. It is not uncommon for proponents of the leading frameworks of national culture to tout their framework's comprehensiveness, meaning that their framework is acclaimed to capture all the relevant variation in national culture or cultural values. Hofstede (2006), for instance, presents a

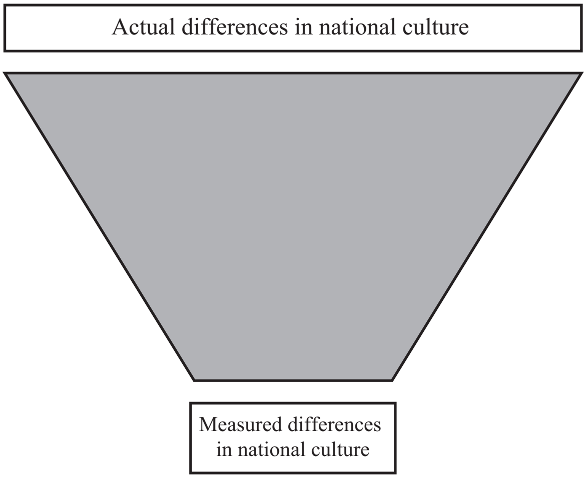

Fig. 2.2 Funneling effects in quantifying differences in national culture

factor analysis of the dimensions identified by the GLOBE framework to argue that the latter framework contains some dimensions that are redundant and is not, in fact, more comprehensive than Hofstede's own framework. The more relevant question, however, concerns the extent to which a set of dimensions of national culture and the specific measurement instruments used to operationalize these dimensions are able to capture the whole of cross-country differences in national culture. To illustrate, the focus on conceptualizing and quantifying cultural values differences in the above-discussed frameworks already suggests that these frameworks miss out on differences in cultural beliefs. More importantly, however, the whole enterprise of measuring national culture is subject to what we like to refer to as "funneling effects" (Fig. 2.2), even when the focus is on values only. In the end, national culture and cultural values are latent constructs and any effort to quantify them must acknowledge the possibility that we are measuring only a small portion of them.

As highlighted by Fig. 2.1, national culture is but one of many factors influencing people's values. Indeed, empirical research consistently finds that within-country variation in values dwarfs between-country variation in values (Fischer & Schwartz, 2011; van Hoorn, 2015a).[5] Hence, an important reason why funneling effects occur has to do with the approach of aggregating individuals' value scores, which inevitable leads to some loss of information about potentially relevant variation in values. Similarly, it is not clear whether aggregation of individual values automatically implies capturing culture as an emergent property of groups. A specific concern is that the cultural values, norms, and beliefs of a group only become salient in actual interactions between the members of a particular culture (see Fig. 2.1). If so, aggregations

[5] A typical decomposition is that between 5 and 15% of total values diversity is between countries and that the remaining 85–95% of total variation in values is between individuals from the same country. Note, though, that this latter number is inflated and the former number deflated, as both total variation and within-country variation comprise invalid variance that is due to measurement error (van Hoorn, 2015a).

of individuals' answers on questionnaire items would contain some useful information but would probably fail to capture some of the most fundamental cultural differences between groups. Finally, there is the standard concern in comparative research concerning the nature of differences, specifically differences in degree vs. differences in kind (see above). Conceptually, completeness, meaning the absence of funneling, would require that we can, in fact, express the whole of cultural differences between countries as a matter of degree, measured on universally valid dimensions. Even in this hypothetical case, however, it is not clear that we can actually design a measurement instrument that is both universal and exhaustive, covering the whole of cultural differences between countries. Meanwhile, the claim that a particular framework provides a comprehensive account of national culture differences can only be falsified and not proven. The best one can do when proposing a framework is to make a theoretically informed case that certain dimensions are relevant and likely to capture a substantial amount of cultural differences between countries. Future research, however, can still uncover further dimensions that would need to be added in order for the framework to be comprehensive, as is nicely illustrated by the evolution of Hofstede's framework from four to six dimensions (Hofstede, 1980, 1991; Hofstede et al., 2010; Minkov, 2007; The Chinese Culture Connection, 1987). In general, the essential open question in national culture research is about funneling effects and not knowing exactly how much of relevant differences in national cultural we have actually been able to quantify.

Individuals and National Culture as a Dependent Variable

Throughout this chapter, we have emphasized the group-level nature of culture. When it comes to the use of national culture measures in research, however, typically the interest is in national culture as a predictor of phenomena that occur and exist at the level of individuals or other such actors that reside in specific nations (see, for example, Chap. 4 in this volume). Going back to Allport (1924), Robinson (1950), and Thorndike (1939), however, researchers have warned for the pitfalls of using aggregate-level relationships and constructs to make inferences about lower-level phenomena, what is known as the ecological fallacy. A generic concern is that correlations that exist at the aggregate level, i.e., between aggregate-level measures and constructs, do not exist in the same form at lower levels of analysis, i.e., between individuals. A more specific concern is that any single individual cannot be seen as representing an entire culture. At best, we may recognize that individuals are affected by aggregate-level constructs and apply a multilevel approach to keep track of and distinguish between different levels of analysis (see Chap. 11 in this volume). Even when taking a multilevel approach, however, we should be wary of assuming simple relationships between individual-level constructs or outcomes on the one hand and their higher-level predictors on the other. As highlighted by the various arrows in Fig. 2.1, there is very little to suggest that the relationships between culture and individual-level outcomes are anything but complex.

Increasingly, culture researchers are aware of possible ecological fallacies and multilevel approaches are gaining in popularity. Still a great deal of progress can be made, for instance, when it comes to explicit modeling of the bidirectional interaction between culture and individuals' values (cf. Fig. 2.1). Similarly, most work that involves some measure of cross-national differences in values continues to focus on country means and tends to neglect variation in values that occurs within nations, in turn, leading to an overemphasis of culture as a source of values differences compared to other sources of values differences (see Beugelsdijk, Maseland, Onrust, van Hoorn, & Slangen, 2015 for an exception in the context of cultural distance).

Cultural Change and National Culture in a Globalizing World

Building on the idea that national culture exists, researchers have also long wondered about whether and how cultures change (Beugelsdijk, Maseland, & van Hoorn, 2015). In the view of some—and Hofstede most prominently—national cultures and cultural differences are extremely stable over time (Hofstede, 2001, p. 34). Other culture researchers, however, have been more appreciative of the possibility of systematic changes in the culture of countries (e.g., Inglehart & Baker, 2000). Much of the interest in the temporal (in)stability of culture derives from the ongoing economic integration of nations, which is said to have a globally homogenizing effect (Appadurai, 2011; Ritzer, 2004). Much as states foster a process of cultural homogenization within their borders, so increasing international interconnectedness would be a transnational homogenizing influence that renders traditional interstate borders increasingly less relevant as a boundary for distinct cultures (Hermans & Kempen, 1998). The specific question asked, then, is whether cultures worldwide are changing to become more similar, what is known as cultural convergence, or whether cultures exhibit persistent differences, what is known as cultural divergence (Webber, 1969).

Using World Value Survey data to replicate the original Hofstede analysis for different birth cohorts, Beugelsdijk et al. (2015) find that cultures exhibit consistent changes over time, disproving ideas that culture is static. However, Beugelsdijk et al. (2015) also find that the relative differences between countries' scores on Hofstede dimensions are rather stable. Cultural change occurs, but all countries seem to move along the same path.

Does this general pattern indicate convergence or divergence? As it turns out, this question is rather difficult to answer, both empirically and in terms of specific trajectories of cultural change. Concerning the former, a particular challenge is to separate genuine shifts in cultural values from temporary changes due to, for instance, random fluctuations over time (Twenge, Campbell, Hoffman, & Lance, 2010; van Hoorn, 2017). Concerning the latter, a main challenge is that the answer to the question whether culture is converging or diverging does not have a simple yes-or-no answer, as the answer may vary depending on which dimension of culture one considers (van Hoorn, 2017). The so-called crossvergence perspective

(Ralston, 2008) proposes a hybrid conceptualization of convergence in which cultures may be converging on some dimensions but remain dissimilar on other dimensions. This framework has been heavily criticized, however (e.g., Witt, 2008). Two specific concerns stand out. The first is that the concept of crossvergence is too general to have much meaning, as the prediction of convergence on some dimensions but divergence on other dimensions is essentially unfalsifiable. The second is that the crossvergence forces a distinction between national economic ideology and national culture that is not supported in the literature, which tends consider these two concepts as referring to more or less identical phenomena. Overall, the question of the relevance both of cultural change and of cultural convergence/divergence as phenomena affecting national culture remains one of the main empirical questions in the literature.

Concluding Remarks

Frameworks of culture at the country level or national culture are widely used in a variety of disciplines. Although, culture is a complex concept that, many would argue, defies comprehensive definition, several scholars have sidestepped such concerns and have gone on to present measures and frameworks for quantifying national culture and differences therein. Judged by the widespread use of their frameworks—Hofstede, for instance, is said to be one of the most-cited social scientists—they have succeeded in doing so. At the least, the large-scale quantification of countries' culture seems to have hit a nerve among researchers with a comparative interest in countries.

In this chapter we have sought to introduce the reader to the idea that country-level culture exists and can be meaningfully measured. For sure, there are still many open questions when it comes to conceptualizing and quantifying national culture and differences therein. In fact, our aim was more to familiarize the reader with some of the core issues in the national culture literature than to give a complete and detailed description of all the different national culture frameworks that are out there. We have achieved our aim if this chapter leaves the reader with more rather than fewer questions than before.

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Chapter 3
Putting the Pieces Together: Culture and the Person

Nancy Wong and Julie Anne Lee

Introduction

Culture is commonly described by normative systems that indicate preferred solutions to a set of universal problems that all societies must deal with in order to survive, such as eliciting cooperative, productive behavior and regulating individual and group relationships (Hofstede, 1980; Inglehart, 1997; Schwartz, 1999). While all solutions are present in societies, certain solutions are differentially preferred, which leads to a dominant orientation, as well as numerous alternative or substitute profiles in different societies (Kluckhohn & Strodtbeck, 1961). Many of these different cultural orientations (e.g., Hofstede, Inglehart, Schwartz frameworks) have been described in Chap. 2. In this chapter, we focus on how culture manifests within individuals and their groups to influence attitudes and behaviors.

How Culture Impacts Individuals

It is useful to think of culture as an external, hypothetical latent construct (Schwartz, 2014), to which individuals are exposed, to a greater or lesser extent, in their daily lives. Based on their experience of these exposures, they internalize aspects that make sense to them as individuals. Exposures to this cultural "press" include the

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stimuli (primes) and reward contingencies (approval or disapproval) encountered in each society that focus attention (consciously or subconsciously) on particular implicit goals, understandings, and preferences (Schwartz, 2014). However, it is important to understand that there are different levels of culture to which we are exposed. These subcultures capture variations within countries, including ethnic, class, linguistic, religious, and other groups.

At a macro-level, culture is important to the smooth function of societies. It is expressed in and through societal institutions (e.g., education, political, economic, and legal systems) that link the individual to the group. Individuals experience culture through their interactions with these societal institutions and with their social groups—those groups with whom they share a collective identity, common spaces, and ongoing social interactions. Within each society, however, individuals are exposed and react to the cultural press in different ways. This leads to substantial variations in terms of the psychological consequences of culture between individuals in a society (Schwartz, 2014). Nevertheless, we might expect that those who interact on a daily basis will share somewhat similar experiences.

At the meso- or mid-level, Fine (2012, p. 159) argued that "groups provide the mechanism through which individuals fit into larger structures and through which social structures shape individuals." He suggested that groups (e.g., religion, profession) and social categories (e.g., age, gender) are meaningful subcultures that have a more profound and proximate impact on individuals than the broader societal culture. Of course, individuals are more than recipients of their cultures and subcultures; they may be shaped by it, but they are not determined by it. This can be illustrated by an examination of personal values, which have been extensively studied within and across cultures. Personal values are sociopsychological, in that they are shaped through the impact of culture and the process of socialization (Schönpflug, 2008), but also influenced by genetics and our immediate environment (Knafo & Spinath, 2011; Uzefovsky, Döring, & Knafo-Noam, 2016).

The most prominent personal values theory in psychological research is Schwartz's (1992, 1994) theory of basic human values. He defined personal values as desirable, trans-situational goals that vary in importance and serve as guiding principles in life. He identified the structure of values based on the circular motivational continuum that underlies these values.

Schwartz (1992) divided the continuum into 10 motivationally distinct basic values and later refined the theory to identify 19 (Schwartz et al., 2012) and then 20 (Lee et al., 2017) meaningful, conceptually distinct values. In this system (see Fig. 3.1), values that are located adjacent to each other (e.g., stimulation and hedonism) share compatible motivations and those that are opposing (e.g., hedonism and tradition) have conflicting motivations. The circular structure of values has been supported empirically in hundreds of samples from over 75 countries (Schwartz 2013; Schwartz et al., 2012; Lee et al., 2017).

While the circular structure of values (as shown in Fig. 3.1), appears to be universal, value priorities vary substantially across individuals, groups, and countries. First, it is important to consider norms. Schwartz and Bardi (2001) identified a pan-cultural normative baseline that recognizes widespread consensus in the most and

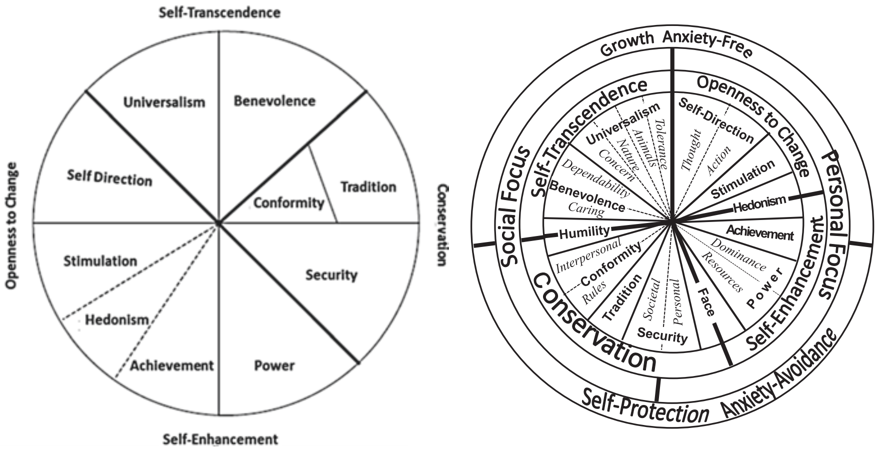

Fig. 3.1 The circular motivational continuum (**a**) of 10 basic values and the 4 higher order values from Schwartz (1992) and (**b**) for the refined system of values and their underlying dynamic sources (Schwartz et al., 2012; Lee et al., 2017)

least important values across societies. On average, benevolence, self-direction, and universalism are the most important values and power, tradition, and stimulation are the least important. This ordering is perhaps not surprising, given the importance of cooperative and supportive relationships among members of a group (benevolence: helpfulness, honesty, forgiveness, loyalty, etc.) and, to a somewhat lesser extent, toward members of out-groups (universalism: social justice, equality, broad-mindedness, etc.). They also found a very high consensus about the low importance of power, emphasizing dominance over people and resources, which may exploit or harm others. Despite these similarities across societies, they also found a great deal of variation in the importance of values both within and across societies and groups.

For instance, Schwartz (2006) examined the average of peoples' values within regions and countries, by calculating scores for each of 76 national cultures. He found interesting differences between regions. For instance, most western European countries placed a high importance on egalitarianism, including universalism values, and intellectual autonomy, including self-direction values, whereas most Southeast Asian countries placed a high importance on hierarchy, including power values. However, Fischer and Schwartz (2011) reported that country differences only account for a little over 10% of the variance in self-reported values on average; with more of the variance being attributed to some values (i.e., the conservation values of conformity, tradition, and security values) than others (i.e., the self-transcendence values of universalism and benevolence and the openness to change values of stimulation and self-direction). This leaves a large variance within country-level values to be explained by other factors, including norms within the groups we interact with on a daily basis, as well as individual differences in genetic and other characteristics.

Researchers subsequently hypothesized that some values are likely to be more closely linked to cultural norms, whereas others are more likely to be linked to basic psychological development (Cieciuch, Davidov, & Algesheimer, 2016). For instance, emphases on personal versus social focused values (see Fig. 3.1b) are more likely to be associated with differences in latent culture (i.e., societal culture that is external to the individual and expressed through societal institutions, practices), whereas emphases on growth/openness to change versus protection/conservation values are more likely to be associated with basic psychological development (Cieciuch et al., 2016).

Personal values thus provide a system of *social representations* that are relatively stable and, at least some of which, are likely to be driven by cultural norms. This supports the expectations that when individuals enact their social roles in societal institutions, they reflect the underlying cultural emphases of their societies. For example, expectations of teachers and students in school systems may put more emphases on memorizing or on reasoning and questioning, depending on cultural norms (Schwartz, 2014, p. 7). In this manner, cultural contexts provide the opportunities for societal values to be expressed [i.e., culture as situated cognition; (Oyserman, 2015)]. How closely these cultural norms are followed depends on the degree to which inidividuals are constrained by the range of acceptable behavoral patterns in society.

Gelfand et al. (2011) show that tightness-looseness, in terms of the strength of social norms and tolerance for deviation from those norms, varies widely across countries. Tight cultures restrict the range of appropriate behavior across situations (e.g., libraries, parties, workplaces, classrooms), whereas loose cultures permit a wider range of behaviors.

However, there are some situations that have universally stronger norms (e.g., job interviews, funerals, libraries) and other weaker norms (private spaces, parties, and parks). Normatively strong situations are restricted in the range of approporiate behavior, leaving little room for individual differences, whereas normatively weak situations have few constraints, which promotes individual discretion (Gelfand et al., 2011). Since cultures clearly vary in the degree to which everyday situations are tighter or looser, tighter societies are likely to have stronger social representations across situations.

Social representations, or schema, are forms of operational knowledge, which help individuals to categorize, interpret and make sense of situations and enable them to make the plethora of daily decisions. These representations are constantly updated through our interactions, behaviors, social activities, and exposure to the cultural "press" (e.g., the media, public opinion polls, news summaries, and legal judgements). While social representations are held by individuals, they are often shared within and vary across groups (e.g., family, religion, sports, community), especially in "tight" societies. Social representations are less profound than basic cultural orientations (see Chap. 2), as they alter within shorter time spans and influence behavior only when they are activated. That is, the activation of these social representations (e.g., self-construal, holistic-analytical cognitions, or horizontal or vertical individualism-collectivism) depends on their accessibility, applicability, and appropriateness in a given situation (Higgins, 1996). Accessibility refers to how frequently and recently they have been activated. For instance, social representations involving parenting should be more accessible for individuals who have recently interacted or who frequently interact with their children than for those who do not. Contextual cues that prime specific social representations can also make them more accessible, such as driving by a school or seeing photographs of children (see priming discussed in section on culture as situated cognition). Applicability refers to the relevance of the social representation to the situation. For instance, social representations that involve parenting will be more relevant when interacting with your own children than with other people's children. Appropriateness refers to whether or not the representation is suitable or right for the situation. For instance, social representations that involve rewards and punishments of children may be judged as less appropriate in some public places than in the home or dependent on perceptions of the child's intent.

In the next section, we focus on a relatively limited number of social representations that are pervasive and grounded in societal culture. They reflect individual's experiences within their culture(s), and are often shared with their social groups and are relatively stable across similar situations. In tighter cultures, where strong norms exist there may be less variation in the social representations applicable to specific situations than in looser cultures (Gelfand et al., 2011).

Internalized Individual Value Systems

Socially constructed representations of meaning or individual value systems become chronically accessible in different societies as a result of the frequency and efficacy of use. Overtime, these chronically accessible "schemas" become the de facto cultural operating systems for individuals in different regions and come to shape how individual values are expressed. There are many different conceptualizations of how culture is internalized at the individual level. Internalized value systems are commonly thought to reflect the importance of different cultural orientations that influence the nature of individual experience, such as self-construal (independent vs. interdependent) (Markus & Kitayama, 1991), cognitive processes (analytic vs. holistic) (Nisbett, Peng, Choi, & Norenzayan, 2001), and individualism vs. collectivism (vertical and horizontal) (Triandis & Gelfand, 1998). What these conceptualizations have in common is the notion that culture and its attendant societal norms provide different social representation of knowledge, to which individuals from each culture (or society) are socialized through enculturation.

Of course, there are many other conceptualizations, but given that it is not possible to discuss all of them here, we have highlighted a few of the most widely applied approaches in consumer research and marketing. Most of these internalized value systems reflect an individual tendency toward holding a particular worldview or social representation that influences the nature of individual experience, including cognition, emotion, and motivation; determines what information one attends to (focal, field, attributes, relationships); and defines one's relationships with others with respect to prioritization of goals and relationship hierarchy. We will introduce each one briefly.

Self-Construals: Markus and Kitayama (1991) suggest that a fundamental variation across cultures is how individuals view "the relationship between the self and *others* and, especially, the degree to which they see themselves as *separate* from others or as *connected* with others" (p. 226). The former is defined as an independent construal of the self, which is derived from beliefs about the inherent separateness of people. This leads to individuals' desires, preferences, attributes, and abilities driving behavior and being diagnostic of the individual. The latter is defined as an interdependent construal of the self, which is derived from the importance of maintaining interdependence with one's social group. Experiencing interdependence is seeing oneself as part of a social group where one's behavior is determined, contingent, and organized by the desires of others in the relationship. This belief of the separateness or connectedness to others forms the basis of how individuals from different cultures experience, understand, and interpret the environment and the world that they live in.

A significant body of empirical evidence points to the influence of self-construals in our daily lives. The conceptualization of independent and interdependent self has been widely applied in psychological and consumer research in the past decades. For example, Trafimow, Silverman, Fan, and Law (1997) find that our private and collective self-cognitions are stored in different cognitive locations and individuals from individualist cultures retrieved more cognitions related to the private self than those from more collectivist cultures (Trafimow, Triandis, & Goto, 1991). Language is often used as a prime for independent vs. interdependent self-construal in different settings (Tavassoli, 2002). The use of language also primes the salience of self-construal in bicultural individuals (e.g., bicultural Chinese students reported more collective self-statements and lower self-esteem scores when they responded to Chinese as compared to English questionnaire) (Kemmelmeier & Cheng, 2004; Ross, Xun, & Wilson, 2002). Thus, differences in self-construal can be found across people, when contrasting those from more individualist and more collectivist cultures, and also between people within a culture. For instance, Aaker and Lee (2001) show that when primed with independent self-construal, people are more persuaded by promotion-focused information in advertising while prevention-focused information appealed more to people when their interdependent self was primed. Similarly, when Americans were primed with independent vs. interdependent self in different conditions, those in interdependent-self condition reported higher collectivist values and judged selfish behaviors more harshly (Gardner, Gabriel, & Lee, 1999).

Holistic vs. Analytic Cognitions: Nisbett et al. (2001) propose that social differences that exist between cultures can be attributed not only to beliefs about self and others (cf. Markus & Kitayama, 1991), their tacit epistemologies (cf. Triandis & Gelfand, 1998), but also the nature of their processes. Based on close readings and reviews of Greek (a main foundation of Western civilization) and Chinese (a main foundation of Asian civilization) approaches to science and philosophy, they build a psychological theory that describes how different social organizations affect cognitive processes in two basic ways: indirectly by focusing attention on different parts of the environment and directly by making certain types of social communication patterns more acceptable than others. For instance, East Asians do not have the same commitment to avoiding the appearance of contradiction as do Westerners. Peng and Nisbett (1999) argue that there is a tradition in Eastern philosophy that opposes the formal logic tradition and promotes dialectical thinking, which involves transcending, accepting, or even insisting on the contradiction among premises (e.g., ying and yang). They suggest that East Asians tend to be more *holistic*, attending to the entire situation and assigning causality to it. They engage in "dialectical" reasoning, whereas Westerners are more *analytic*, paying attention to the object and the categories to which it belongs, using formal logic to understand behavior.

Similar to self-construal theory, the conceptualization of holistic and analytic cognitions has also been applied to a large body of research over the past decades. In the area of psychological processes, it has been applied in the exploration of cultural differences in perception (Masuda & Nisbett, 2001), control (Ji, Peng, & Nisbett, 2000), identity consistency and its impact on well-being (Suh, 2002), educational approaches (Tweed & Lehman, 2002), facial recognition of other race (Michel, Roisson, Han, Chung, & Caldara, 2006), perception of facial emotion (Masuda et al., 2008), cognitive speed and accuracy with congruent self-concept (Kuhnen & Oyserman, 2002), and affective adaptation (Wilson & Gilbert, 2008). In the area of consumer and marketing research, it has been applied to understand cultural variations in how consumers respond to unexpected incentives (Valenzuela, Mellers, & Strebel, 2010), evaluate brand extensions (Monga & John, 2007), evaluate price fairness (Bolton, Keh, & Alba, 2010), engage in holistic thinking in response to self-construal manipulations in price-quality judgments (Lalwani & Shavitt, 2013) and product evaluations (Zhu & Meyers-Levy, 2009), and respond to brand extension failures (Ng, 2010), just to name a few.

Vertical and Horizontal Individualism vs. Collectivism: Triandis and Gelfand (1998) propose that not only do individuals in societies differ in their orientation toward the independence of the self (prioritizing self-goals, where attitudes are determinants of social behavior: individualism), or interdependence toward the group (prioritizing group goals where norms are determinants of social behavior: collectivism), they could be further differentiated in terms of horizontal (emphasizing equality) or vertical (emphasizing hierarchy) orientation. The vertical and horizontal aspect of individualism and collectivism refers to the nature of social relationships in each society. They contend that these are the most important attributes that distinguish different types of individualism and collectivism. In general, horizontal patterns assume that one self is more or less like every other self, whereas vertical patterns consist of hierarchies, where one self is different from other selves. The intersection of these two orientations creates four distinct patterns. Horizontal individualism suggests that people want to be unique and distinct from groups, but are not interested in status (no hierarchy), whereas vertical individualism suggests that people are interested in status. In contrast, horizontal collectivism suggests people see themselves as being similar to others and believe pursuing common goals without submitting to authority (no hierarchy), whereas vertical collectivism suggests people emphasize the integrity of the in-group, sacrifice their personal goals for group goals, and submit to the will of authorities in pursuit of the common goals.

Similar to the other internalized individual value systems, this approach has been applied to numerous studies in both psychology and marketing. For example, it has been used to understand cultural variation in affect valuation (Tsai, Knutson, & Fung, 2006), in minority influence in decision-making (Ng & Van Dyne, 2001), response times in self-face recognition (Ma & Han, 2009), the extent that brands signal quality (Erdem, Swait, & Valenzuela, 2006), consumer attitudes toward global and local products (Torelli, Özsomer, Carvalho, Keh, & Maehle, 2012), and environmental beliefs and recycling behavior (McCarthy & Shrum, 2001).

As previously mentioned, social representations are often shared with the social groups and social categories (e.g., family, religious, education, and occupational groups, as well as age, gender, and social class) with whom we identify. Many differences in social representations and associated behaviors have been found between gender, socioeconomic, and social class groups. For example, relational goals have been found to lead to less efficient economic outcomes in negotiations between females (who hold relational self-construal) than males (Curhan, Neale, Ross, & Rosencranz-Engelmann, 2008) and cultural frames influence gender stereotypes such that Americans view men as less collectivistic while Korean men rate men as more collectivistic (Cuddy et al., 2015). Similarly, social class has been found to be influential in determining how working-class vs. middle-class individuals view choice as an expression of similarity or differentiation from others (Stephens, Markus, & Townsend, 2007). Attention to these mid-level- or microcultures allows a more fine-grained understanding of how culture impacts attitudes and behavior.

Contextual Issues: Culture as Situated Cognition

In order to understand how internalized value systems influence attitudes and behavior, we need to know how these social representations (or mind-sets) come to frame individual perception, knowledge, and interpretation of the situation. Culture-as-situated-cognition (CSC) theory (Oyserman, 2015) suggests that culture can be thought of at three levels (see the introduction section for a discussion on culture at the macro-, meso-, and mio or individual levels). At the highest level, culture is a human universal, "a good enough" solution to universal needs. At the intermediate level, culture is also a specific meaning-making framework, a "mind-set" that influences what feels fluent, what is attended to, which goals or mental procedure is salient. At the most proximal level, culture is a set of particular practices within a specific society, time, and place. Human societies share common universal needs, but situations differ in which need is salient and which solution is preferred. This means that people are sensitive to cues as to which cultural mind-set (e.g., individualistic mind-set, collectivistic mind-set) is situationally relevant. Oyserman, Sorensen, Reber, and Chen (2009) further suggest that people perceive focal targets and integrate information differently due to the situation depending on the cultural mind-set and task demands in terms of their congruence to the situation. These cultural mind-sets are cued at particular moments in time. This culture-as-situated cognition perspective suggests that people are socialized to use collective or individual mind-sets depending on what the situation calls for. Consequently, situations often cue us to different ways of thinking about the self, and as such, cultural differences may stem from the prevalence of psychologically meaningful situations within and across societies (Oyserman et al., 2009).

Contextual cues automatically and nonconsciously activate the relevant cultural mind-sets. Accessible mind-set shapes perception, reasoning, and response. Although these cultural mind-sets are likely to be automatically and nonconsciously activated, even when brought to conscious awareness, the mental content, cognitive procedures, and goals that they make salient are likely to be applied unless a reason not to be is also brought to mind. This experience of "cultural fluency" allows one to "go with the flow" and not pay much attention to culture as it unfolds, which is why, in one's own culture, it is often hard to even notice that things could happen any other way.

Markus (2016) explains that motivation is shaped by the multiple intersecting cultures, those of national origins (e.g., macro-level culture), but also those of gender, race, ethnicity, class, religion, workplace, sexual orientation, etc. (i.e., meso-level culture, cultural mind-sets) that people engage each day and across their lives. Motivations and cultures are thus interacting and dynamic systems that change with conditions and contexts. Similar to the culture-as-situated cognition framework, she proposes that "it is the relative balance between the cultural attention and elaboration accorded to the *internal attributes of the self* and that accorded to *others and their expectations* as the source of meaningful action" (p. 161).

Activation/Priming of Cultural Mind-Sets and Biculturalism

The constructivist view suggests that culture influences behavior through the cultural mind-sets or cognitive lenses people use to make sense of ambiguous information (Leung & Morris, 2015). Applying the cultural lens to the intersubjective approach thus provides a means to integrate cultural influences on behaviors through social norms (that direct typical or appropriate behavior in a given situation). The constructivist approach thus traces cultural differences to the cognitive lenses or templates that guide our interpretations, expectancies, and responses. People with the same internalized value priorities may still show different judgments and tendencies as a function of the schemas conferred by their cultures. This view differs from the values model with regard to predictions about the generality and stability of cultural patterns of behavior because schemas exert an influence on behavior only at moments when they are activated, or put into use as a filter for information processing. The activation of a cultural mind-set depends on its (1) accessibility, (2) applicability, and (3) judged appropriateness.

Evidence of activation of cultural mind-sets can be seen in biculturals' ability in cultural frame switching (CFS), a process whereby biculturals have access to and apply two different cultural meaning systems in response to cultural cues (Hong, Morris, Chiu, & Benet-Martinez, 2000). That is, Chinese American biculturals can respond in characteristically Western attribution style when primed with American cues but make more East Asian responses when primed with Chinese cues. In practice, CFS behavior has also been demonstrated in domains of self-construal and persuasion in both biculturals and monoculturals (Gardner et al., 1999).

Priming can only make knowledge accessible if it already exists in memory. Priming cultural mind-set allows researchers to test if both individualistic and collectivistic mind-sets can be primed across cultural groups, addressing the question of whether both are part of universal culture. Hence, priming is the method of choice for testing the possibility that cognition is both situated and constructed (Oyserman, 2015). When primed, individual's associative network (including semantic content and procedural knowledge) cued by priming is expected to "spill over" into subsequent tasks, hence bringing culture to the fore. In this way, priming methods test the effect of accessible knowledge on current judgment. This is based on the assumption that while knowledge accessibility can be the temporary result of priming or of a more chronic mind-set as a result of one's everyday environment, priming is unlikely to influence subsequent judgment unless the cued content is already available in memory. Consequently, temporary or chronic accessibility effects should be a reflection of culture (Bargh & Chartrand, 2000).

Putting It All Together: When and Why Culture Matters

Leung and Morris (2015) also suggest that cultural differences in judgment patterns are carried more by perceived prescriptive norms than by personal beliefs. Hence, country differences in cognitive biases are less likely to be expressions of divergent inner values than beliefs across cultures that are accommodations to different perceived cultural norms. Intersubjective consensus is based on individual perceptions of these norms. Identification with a culture is best predicted from the match of internalized values to the intersubjective consensus in the culture, not the match of internalized values to the average of peoples' values in a society. Norms-based accounts do not assume a consensus of personal beliefs or values in a culture, they assume more sharedness in perceptions of the group's norms—assumptions about what a typical group member believes, does, and expects. Norms could explain the stability and persistence of cultural patterns of social behavior. It could therefore account for individual malleability and societal persistence, micro-level fluctuation with macro-level stability.

This notion of cultural mind-sets as determined by intersubjective consensus (or descriptive norms) is also proposed by Gelfand and Harrington (2015), who argue that descriptive norms are distinct from internalized values and explain cultural differences in a wide range of domains, including compliance, causal attribution, counterfactual thinking, harm perception, conformity, cultural identification, and negotiation. They further explore the cultural, situational, and individual difference factors that could determine when descriptive norms will have the strongest motivational force on individual behaviors. For example, in situations where the goal is to manage uncertainty and threat, to manage social impressions, and where one is in position of power or dependence.

Different types of situations also make different kinds of norms salient. Injunctive norms become particularly salient in situations with cues about social evaluation. In general, the higher the evaluative pressure, the more salient are norms, the more they influence individual behaviors. In situations where injunctive norms are absent, people turn to descriptive norms, which serve as heuristics to guide judgments and actions. People in tight cultures are chronically aware that their actions are being evaluated, so they are prevention-focused, cautious, and dutiful; they exhibit more impulse control and more self-monitoring.

In the management domain, both descriptive and injunctive norms combine to inform situational strength, which has been useful as a way of conceptualizing and predicting person–situation interactions. Meyer et al. (2014) explore the ways in which individual differences influence perceptions of situational strength and examine its moderating effects on two types of voluntary work behavior (i.e., organizational citizenship behavior and counterproductive work behavior). Meyer et al. (2014) defined situational strength in terms of implicit or explicit cues provided by entities external to the individual, regarding the desirability of various forms of behavior, and show that it moderates behaviors in organizational settings. The key dimensions of situational strength as defined by Meyer et al. (2014) can be reframed in terms of norms: clarity (the understandability of norms); consistency (agreement between different norms); constraints (freedom to act according to one's values); and consequences (accountability of behavioral outcomes). This framework is also similar to the tightness-looseness scale (Gelfand et al., 2011) that comes to predict individuals' likely adherence to norms in society, listed below with its corresponding dimensions of situational strength in parenthesis:

1. There are many social norms that people are supposed to abide by in this country.
2. In this country, there are very clear expectations for how people should act in most situations. (Clarity)
3. People agree upon what behaviors are appropriate versus inappropriate in most situations in this country (Consistency)
4. People in this country have a great deal of freedom in deciding how they want to behave in most situations. (Reverse coded) (Constraints)
5. In this country, if someone acts in an inappropriate way, others will strongly disapprove. (Consequences)
6. People in this country almost always comply with social norms. (Consistency)

Figure 3.2 below is an illustration of how the three levels (macro-, meso-, and individual) of culture and individual value systems and situations (context) jointly predict individual attitudes and behaviors in each situation.

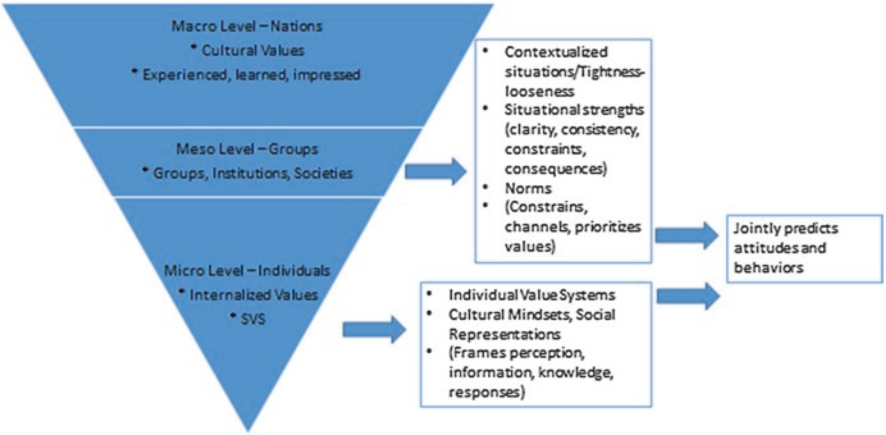

Fig. 3.2 Integration of cultural levels, individual value systems, and contextualized situations

Given that individual value systems are akin to cultural operating systems that increase in accessibility due to the frequency and efficacy of their use What then would determine their activations? Oyserman et al. (2009) suggest our cultural mind-sets (or schemas) are cued at particular moments in time. The culture-as-situated cognition perspective suggests that societies socialize people to be able to use collective or individual mind-sets depending on context. Cognition, according to these models, is contextualized—defined by social contexts, human artifacts, physical spaces, tasks, and language (Smith & Semin, 2004). Taken together, situated approaches make three critical points. First, cognitive processes are context sensitive. Second, this context sensitivity does not depend on conscious awareness of the features of situation on cognition. Third, while the working self-concept is context sensitive, context effects on cognitive processes are not mediated by self-concept. In fact, situations may also cue individual content, procedures, and cognitive styles directly (Smith & Semin, 2004). Thus, how people think about themselves depend on what is relevant in the moment. In eight studies, Oyserman et al. (2009) show that culture, instead of being fixed and largely immutable patterned ways of thinking and of organizing the social world, is malleable. A situated model allows for the possibility that culturally tuned mind-sets are sensitive to immediate contextual cues.

In this chapter, we have presented ample evidence that attitudes and behaviors can best be predicted by accounting for both individual and normative/contextual differences, especially in a cross-cultural setting. We hope this helps address the initial difficulty in understanding cultural values as meaning systems that are experienced and interpreted by people within a culture in different ways, leading to variability both across and within cultures at the individual level (Fischer, 2006; Schwartz, 2014). Thus, it is important for researchers to understand the purpose of their studies and their intended level of generalization prior to data collection. There is no easy solution. You cannot understand cultural norms by simply adding another standard question into a survey. Normative systems are socially constructed and highly complex. It is important to systematically investigate the social representations that impact the context of interest in each cultural setting, including the situational clarity, consistency, constraints, and consequences.

One viable solution is for researchers to combine qualitative and quantitative approaches to assess differences in the nature and degree of the behavior of interest in different settings. Researchers starting from a qualitative approach will bring insights into how informants see their world. Alternatively, researchers might employ multiple methods, including observation, interviews, and surveys, to uncover differences attributable to social norms and the ways in which they are interpreted. However, cross-cultural researchers cannot expect to understand cultural and normative nuances in situations that differ from their own socialization. We would strongly encourage collaboration among colleagues from many different cultures and walks of life. You just might be surprised and delighted.

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Chapter 4
Culture and Consumer Behavior

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Introduction

Meet Mike, a sales representative from Chicago, the United States. He starts the morning grabbing a skinny hazelnut latte, his favorite drink, made just like he likes it (using almond milk, light foam, extra hot, and with an extra shot of espresso!) by Miranda at the nearby Starbucks. Mike is looking forward to another exciting day at work that will get him closer to his dream of becoming regional manager. He is well ahead of his peers in terms of the dollar amount of sales he made in the past month, and he wants to make sure that this statistic is noticed in today's monthly staff meeting. Mike has prepared a speech to showcase his achievements during the last month. He plans to discuss in detail the actions that he undertook in order to land some key accounts during the month. This will give him the opportunity to stress his superior selling skills, something critical for his dream job as a regional manager. On his way to work, Mike notices a billboard for the new Cadillac CT6, "Only Those Who Dare Drive the World Forward," which reminds him to stop by the nearby Cadillac dealer to check this attractive new model.

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Meet Seo-jun, a sales representative from Seoul, Korea. He starts the morning with a cup of green tea brewed the Korean way. That is, letting the water cool after boiling and adding the tea when it reaches around 60 °C. He gets the tea from a small farm that was discovered by his dad 20 years ago. Seo-jun calmly sips the tea while reflecting about the importance of the day ahead for his future growth in the firm, as well as the consequences for his relationship with both his office peers and his family. He is well ahead of his peers in terms of the dollar amount of sales he made in the past month, and he wants to make sure that this statistic does not create unnecessary friction with his coworkers. Seo-jun has prepared a speech to explain how he has fulfilled his responsibilities during the last month. He plans to discuss in detail how the collective actions undertaken by him and his peers, along with changes in the economic environment, helped to land some key accounts during the month, and outline the consequences for future group performance. On his way to work, Seo-jun notices a billboard for the new Hyundai Elantra models that make environmental efficiency more affordable, which reminds him to stop by the nearby Hyundai dealer to check these attractive new models.

These two hypothetical individuals illustrate how consumers from different cultures, and living apparently similar realities, can differ so dramatically in their thoughts, motivations, preferences, and actions. In this chapter, we will review the theoretical underpinnings of these cultural distinctions, as well as their implications for consumer behavior and persuasion.

Modeling Cross-Cultural Consumer Behavior

Culture is defined here as shared elements that provide the standards for perceiving, believing, evaluating, communicating, and acting among those who share a language, a historical period, and a geographic location (Triandis, 1989, 1996). The meanings shared in a culture provide a common frame of reference for individuals to make sense of reality, coordinate their activities, and adapt to their environment (Shore, 2002; Sperber, 1996). Not surprisingly, culture is acknowledged to be one of the key drivers of consumer judgments and decisions (Maheswaran & Shavitt, 2000). But, how does culture influence consumer behavior? Two approaches are commonly used to model the behavior of consumers of different cultures: the *cultural syndromes* approach and the *dynamic constructivist* theory of culture.

Cultural Syndromes

The cultural syndromes approach, also known as cultural orientation or dimensional approach, is based on the notion that cultural differences in basic socio-cognitive processes (e.g., attention, perception, and categorization) and motivations can be explained using some universal psychological dimension, such as individualism versus collectivism, or vertical versus horizontal orientations (Triandis, 1996;

Triandis & Gelfand, 1998). Research conducted using this approach often attributes differences in the behavior of consumers from different countries to the orientations nurtured by their corresponding cultures. For instance, because American (Korean) culture fosters an individualistic (collectivistic) orientation, such cultural dimension is used to explain American (Korean) consumers' greater preference for ads that emphasize personal (group) benefits.

One limitation of the cultural syndromes approach is the implicit assumption that the orientation promoted by a culture might act as a system of values and beliefs, that consistently guides people's judgments and behaviors (Shore, 2002). Such "systemic" view of culture is often at odds with the variance observed in people's judgments and decisions across situations (Chiu & Hong, 2006). Furthermore, there seems to be consensus on the endorsement of certain value priorities across cultures (e.g., autonomy and relatedness, Fischer & Schwartz, 2011). Addressing these limitations, research has acknowledged the situational nature of cultural influences and demonstrated that a cultural orientation is more likely to guide behavior when made salient by the situation. This can be triggered by several factors, such as by an accessible self-definitions (e.g., independent or interdependent self-definitions, Oyserman & Lee, 2007), or when processing information in a spontaneous manner (Briley & Aaker, 2006).

Dynamic Constructivist Theory of Culture

Building upon the situational influence of culture, the dynamic constructivist theory of culture (Chiu & Hong, 2007; Hong, Morris, Chiu, & Benet-Martinez, 2000) proposes that culture is stored in memory as an associative network of knowledge. It is internalized in the form of a loose network of domain-specific knowledge structures consisting of a central concept (e.g., American culture) and its associated categories (e.g., individualist values of freedom and self-reliance), implicit theories (e.g., an individual's behavior originates in internal dispositions), and cultural icons (e.g., the Statue of Liberty or the American flag) (Hong et al., 2000; Torelli & Ahluwalia, 2012; Torelli & Cheng, 2011). These knowledge structures guide cognition and behavior only when they come to the fore in an individual's mind—either because they are chronically accessible or activated by environmental stimuli (Hong et al., 2000; Lau, Chiu, & Lee, 2001; Sechrist & Stangor, 2001; Trafimow, Silverman, Fan, & Law, 1997). The dynamic constructivist theory of culture is not only helpful for explaining the situational nature of culture, but more importantly so for explaining the behavior of individuals socialized in two or more cultural environments.

With globalization, the number of individuals with direct or indirect knowledge about two (bicultural) or more cultures (multicultural) as opposed to a single culture (monocultural) is rapidly on the rise (Lau-Gesk, 2003; Maheswaran & Shavitt, 2000). Tremendous growth in international travel, immigration, and Internet access increases the availability that people have to information about lifestyles, customs, and developments around the world. According to the dynamic constructivist theory of culture, biculturalism and multiculturalism are conceptualized as having more than one set of cultural knowledge representations, which can be made readily accessible to guide behavior according to the salient cultural frame. This is evident in the frame-switching effect observed among bicultural individuals when interacting with culturally charged stimuli. For these individuals, exposure to symbols of one culture can prime them to adopt its associated cultural frame to the exclusion of the other (Briley, Morris, & Simonson, 2005; Hong et al., 2000; Ng, 2010).

Modeling Consumer Behavior Using the Individualism–Collectivism Distinction

Individualism (IND) and collectivism (COL) are the most widely used dimensions to explain cross-cultural consumer behavior (Shavitt, Lee, & Torelli, 2008). The IND-COL classification was originally introduced by Hofstede (1980), and it refers to the different ways in which individuals construe their self and where they place the emphasis on the attainment of goals. In individualistic cultures, there is a tendency for people to define themselves independently of others and place the attainment of their personal goals above the goals of their in-group. In contrast, in collectivist cultures, people have a tendency to define themselves interdependently with others and place the goals of their in-group above their personal goals.

National cultures that celebrate the values of independence, as in the USA, Canada, Germany, and Denmark, are typically categorized as individualistic societies in which an independent self-construal is common. In contrast, cultures that nurture the values of fulfilling one's obligations and responsibilities over one's own personal wishes or desires, including most East Asian and Latin American countries, such as China, Korea, Japan, and Mexico, are categorized as collectivistic societies in which an interdependent self-construal is common (Hofstede, 1980; Markus & Kitayama, 1991; Triandis, 1989). Below, we review the key findings in consumer behavior using the IND-COL classification.

Attention, Perception, and Information Processing

The considerable social differences that exist among different cultures affect how people perceive the world around them. Because collectivistic cultures emphasize a view of the self in relation to others (i.e., interdependent self-construal), knowledge about the social surroundings becomes very important, and particularly about others in direct interaction with the self. Perceiving the self as embedded within a larger social context forces people to attend to the relationships between the self, others, and the environment. Thus, interdependent people from collectivistic cultures (e.g., East Asians) have a tendency to attend to the social and environmental context as a whole, and especially to relationships between focal objects and the environment, and to predict events on the basis of such relationships. This way of thinking is often referred to as *holistic* thinking style (Nisbett, Peng, Choi, & Norenzayan, 2001). Being more sensitive to the relationships between objects and the environment affords an advantage in detecting broader connections between objects. Indeed, because Easterners pay more attention to the environment they are more able to identify relationships between a parent brand and a newly introduced extension based on complementarity of use or overall reputation. For example, Indian consumers (collectivists) perceive a higher fit between the product and the parent brand and evaluate more favorably a Kodak filing cabinet than American (individualists) consumers do. This effect occurs because of the complementarity of use connection between Kodak and filing cabinets (e.g., filing cabinets can be used to store pictures) that Indian consumers are capable to detect (Monga & John, 2007).

In contrast, individualistic cultures promote an independent view of the self. Viewing the self as a separate entity free of social constraints fosters a de-contextualized view of the world that focuses on focal objects and their attributes. Independent people, commonly found in individualistic cultures (e.g., Americans), have a tendency to focus on the attributes of an object, separate from its context, in order to assign it to a category, and to use rules about the category to explain and predict the object's behavior (Nisbett et al., 2001). Westerners also tend to judge brand extensions on the basis of their similarity with the products already sold by the brand, or on the extent to which the attributes of the parent brand transfer to the new product (Monga & John, 2007). Consumers with an independent view of the self tend to engage in more impulsive consumption than those with an interdependent view (Yinlong Zhang & Shrum, 2009). Recent research has found that this is likely due to the fact that independent consumers tend to rely more on feelings when making decisions, whereas interdependent consumers tend to rely on reason (Hong & Chang, 2015).

Self-Presentation

Self-presentation pervades all aspects of human behavior. In trying to look good in their interactions with others, people often embellish their representations to convey a desired image rather than an accurate representation of one's personality (Paulhus, 1984). Because what constitutes a desirable image of the self can vary by culture, people of different cultures present themselves to others in varied ways. Past research (Lalwani, Shavitt, & Johnson, 2006) demonstrates that in individualistic cultures, people tend to present themselves as self-reliant, confident, and skillful. This often results in an exaggeration of one's abilities or in a tendency to describe oneself in inflated and overconfident terms—also referred to as *self-deceptive enhancement*. In contrast, people in collectivistic cultures tend to present themselves as sensitive and socially appropriate—also referred to as *impression management* (Paulhus, 1998). For example, having an independent view of the self makes people more likely to choose to take a test that would showcase their self-reliance, whereas having an interdependent view of the self makes it more likely to choose to take a test that showcases one's social sensitivity (Ashok K Lalwani & Shavitt, 2009).

Persuasion

Most research on cultural influences on judgment and persuasion suggest that the prevalence or the persuasiveness of a given type of appeal matches the cultural value orientation of the society. For example, message appeals in individualistic cultures tend to convey individuality, personal benefits, and achievement. In contrast, message appeals in collectivistic cultures tend to convey group benefits, harmony, and conformity (Shavitt & Koo, 2015). As a result, past research has explored differences across psychological processes driving persuasion across cultures, exploring for example the type of information (e.g., product attributes or word-of-mouth) that gets weighed more heavily for making judgements. However, recent research has found that the characteristics of a product or a brand can trump the role of cultural variables in information processing (see Shavitt et al., 2008, for a review).

An analysis of message appeals from different cultures can shed light unto specific brand aspects emphasized in a culture. For instance, in the United States, advertisers believe that learning about a brand is an important step that precedes liking, forming an attachment to, and buying the brand. Thus, while various types of message appeals are used, many message appeals focus on teaching consumers about the brand, by communicating the advertised brand's attributes and advantages (Ogilvy, 1985)—something consistent with the individualistic tendency to focus on the attributes of objects that characterizes American culture.

In contrast, advertisers in Japan learn that in order for consumers to buy a particular brand, they need to be familiar with it and trust the company who sells it. Thus, message appeals in Japan tend to focus on "making friends" with the audience and showing that the company understands their feelings (Javalgi, Cutler, & Malhotra, 1995)—something consistent with the collectivistic tendency to focus on relationships that characterizes Japanese culture. Similarly, a content analysis of magazine advertisements revealed that in Korea, compared to the USA, advertisements are more focused on family well-being, interdependence, group goals, and harmony, whereas they are less focused on self-improvement, ambition, personal goals, independence, and individuality (Han & Shavitt, 1994). However, the nature of the advertised product moderates these effects. The cultural differences discussed above emerged more strongly for products that tend to be bought with others or that tend to be shared (e.g., food, cars). Products that are mainly for individual use (e.g., watches) tend to be promoted in individualist terms across cultures.

A content analysis by Kim and Markus (1999) of advertisements in magazines in Korea and the United States found that Korean advertisements have a greater tendency to convey conformity appeals (e.g., respect for collective values) than American ads, whereas American ads are more likely to convey uniqueness themes (e.g., rebelling against collective values). For example, an ad for a Korean grocery store reads "With effort, you may one day prepare pork as well as your mother-in-law," whereas another ad for a beverage reads "Produces according to the methods of a 500-year old tradition." In contrast, an American Jeep ad urges consumers to "Ditch the Joneses," and a Cadillac to "Dare."

The persuasiveness of advertising appeals mirrors the cultural differences in their prevalence. Appeals to individualistic values (e.g., "Solo cleans with a softness that you will love") are more persuasive in the USA and appeals to collectivistic values (e.g., "Solo cleans with a softness that your family will love") are more persuasive in Korea. However, as mentioned earlier, this effect is much more evident for products that are shared (laundry detergent, clothes iron) than for those that are not (chewing gum, running shoes) (Leclerc, Schmitt, & Dubé, 1994). Zhang and Gelb (1996) found a similar mirroring pattern when studying consumers in the United States and China, and they found that it was moderated by whether the consumption of the product was socially visible (e.g., camera) or private (e.g., toothbrush). Additionally, Wang and Mowen (1997) measured cultural orientation within a US sample and found differences in the persuasion of individualistic and collectivistic advertising appeals for a credit card which corresponded to the cultural orientation of participants. These findings suggest that both cultural and national culture impact the effectiveness of different appeals.

Individualists and people with an independent self-construal are persuaded by information that addresses their promotion regulatory concerns, including messages about personal achievement, individuality, uniqueness, and self-improvement. In contrast, collectivists and people with an interdependent self-construal are persuaded by information that addresses their prevention regulatory concerns, including messages about harmony, group goals, conformity, and security (Aaker & Lee, 2001). People with an independent view of the self reported a higher willingness to pay for an option presented with a feeling-based strategy, which is consistent with how independent people tend to make decisions. In contrast, message appeals with a reason-based strategy were more effective in increasing the willingness to pay of interdependent people (Hong & Chang, 2015).

Other cultural differences in persuasion have emerged based on certain type of information. Aaker and Maheswaran (1997) found that East Asians consider social norms and others' preferences central to message appeals, and thus they weigh those elements heavily when forming attitudes under high or low motivation. Westerners, on the other hand, don't consider this type of information central to a message appeal, and thus social norms and others' preferences only influence their attitudes under low motivation. Specifically, these authors found evidence that Americans found consensus information to be a heuristic cue, whereas Hong Kong Chinese processed this information as diagnostic and weighed it more than product attributes. This finding is consistent with cultures that stress conformity and responsiveness to others' views.

The Explanatory Power of the Vertical–Horizontal Distinction

While the IND-COL classification is most widely used for comparison across cultures (Gudykunst & Ting-Toomey, 1988), it is too broad, resulting in potential limitations (Shavitt, Zhang, Torelli, & Lalwani, 2006). Describing a delineation of different "species" of individualism and collectivism, Triandis and his colleagues noted that, nested within individualism and collectivism categories, some societies are horizontal (valuing equality), whereas others are vertical (emphasizing hierarchy) (Singelis, Triandis, Bhawuk, & Gelfand, 1995; Triandis & Gelfand, 1998). The vertical–horizontal distinction emerges from the observation that American or British individualism differs from, say, Australian or Norwegian individualism in much the same way that Chinese or Japanese collectivism differs from the collectivism of the Israeli Kibbutz. Whereas individuals in horizontal societies value equality and view the self as having the same status as others in society, individuals in vertical societies view the self as differing from others along a hierarchy and accept inequality (Triandis, 1995). Thus, combining the horizontal–vertical distinction with the individualism–collectivism classifications produces four cultural orientations: horizontal individualist, vertical individualist, horizontal collectivist, and vertical collectivist.

In vertical individualist societies (VI; e.g., the United States and the United Kingdom), people tend to be motivated by self-enhancement values of power and achievement—standing out, displaying success and status. On the other hand, in horizontal individualist societies (HI; e.g., Australia and Scandinavia), people tend to consider themselves equal to others in terms of status and instead are motivated by stimulation and self-direction—modestly expressing uniqueness and being self-reliant. In vertical collectivist societies (VC; e.g., Singapore and Mexico), people are motivated by maintaining in-group status and traditions—prioritizing collective goals over their personal goals and believing in the importance of existing hierarchies. Finally, in horizontal collectivist societies (HC; e.g., the Israeli kibbutz), people are motivated by the welfare of others—focusing on sociability and cooperation (Shavitt, Lalwani, Zhang, & Torelli, 2006).

At the national level, the horizontal–vertical distinction resembles the *power distance* continuum (Hofstede, 1980, 2001). However, horizontal–vertical and power distance are conceptually and structurally different. From a conceptual standpoint, the horizontal–vertical distinction encompasses differences in the acceptance of the validity or importance of hierarchies in one's society. Power distance refers to the extent to which the less powerful members of organizations and institutions in a society perceive and accept inequalities in power (Hofstede, 2001). From a structural standpoint, power distance is conceptualized as a single dimension (from high to low PDI, Hofstede, 1980, 2001). The horizontal/vertical classification represents distinct categories that are conceptualized as nested within collectivism and individualism classifications and that have divergent validity (Triandis & Gelfand, 1998). Although Hofstede (1980) conceptualized IND and power distance as distinct dimensions, data do not appear to support the independence of these dimensions at the national level. The high correlation between power distance and IND, before controlling for country wealth, obtained with his operationalization suggests that there may be overlap between these two constructs (e.g., Smith, Dugan, & Trompenaars, 1996), leading to an association of high-PDI societies with VC and low-PDI societies with HI (Singelis et al., 1995).

Attention, Perception, and Information Processing

Focusing on the vertical and horizontal distinctions, nested within the broader individualism–collectivism classification, affords a more nuanced understanding of the way in which people from different cultures perceive the world. As stated earlier, individualists have a tendency to assign objects to categories and to make predictions about these objects based on category attributes. Thus, when presented with information about a focal object, individualists often focus on information that is consistent with the stereotype of the category to which the object belongs, and ignore information that is inconsistent—often referred to as *stereotyping processing*. This processing tendency is particularly acute among powerful individuals that rely on such processing strategies as a way of defending one's powerful status by reasserting control (Fiske, 1993). Recent research shows that such stereotyping tendencies are more common among vertical individualists. Because these individuals are concerned with competition, power, and rising in status above others, they think of power as something to be used for their personal advancement. In turn, situations that heighten a sense of power make these individuals more likely to engage in stereotyping processing. For instance, vertical individualists presented with an advertisement for an upscale, status-enhancing financial advisory service recognize better, in a subsequent recognition task, information *congruent* with the stereotypical image of the status product (e.g., "financial experts graduated from the top-tier universities in the country") relative to their recognition of *incongruent* information (e.g., "When you visit Interbank offices you will feel the warmth of your own home") (Torelli & Shavitt, 2011).

Because collectivists rely less on categories, their perceptions are often based on a holistic view that considers all aspects of the target object. Such other-centered processing style involves an effort in individuating and understanding others—often referred to as *individuating processing*. This processing tendency is particularly evident among powerful individuals that feel responsible toward others (Overbeck & Park, 2001). Recently, these individuating tendencies have been linked to people with a horizontal collectivistic orientation. Because these individuals are concerned with interdependence and sociability under an egalitarian framework, they think of power as something to be used for having positive impacts on undifferentiated others. In turn, situations that heighten the nurturing effects that one can have on others make these individuals more likely to engage in individuating processing. For instance, horizontal individualists presented with an advertisement for a nurturing dog food recognize better, in a subsequent recognition task, information *incongruent* with the stereotypical image of the nurturing product (e.g., "It has been reported that the company recently influenced distributors to stop carrying competitors' products") (Torelli & Shavitt, 2011).

Self-Presentation

Examination of horizontal versus vertical categories yields more nuanced insights into the self-presentation styles of people from different cultures. As stated earlier, people in horizontal individualistic cultures are especially motivated to view themselves as separate from others, self-reliant, and unique. In contrast, people from vertical individualistic cultures are concerned with competition and achieving a higher status. Thus, horizontal individualism (but not vertical individualism) fosters a self-presentation style aimed at establishing a view of oneself as capable of being successfully self-reliant (Lalwani et al., 2006). In contrast, vertical individualism (but not horizontal individualism) promotes a self-presentation style aimed at establishing one's achievements, status, and power (Torelli, 2013). For example, horizontal individualists express more confidence that they can make the right decision about whether to accept a future job and are more likely to anticipate performing well on the job, whereas vertical individualists are more likely to inflate their income and their success at influencing others.

People from horizontal collectivistic cultures tend to be motivated to maintain strong and benevolent social relations and, therefore, to appear socially appropriate in their responses (Lalwani et al., 2006). In contrast, people from vertical collectivistic cultures are concerned with serving and sacrificing for the in-group, and hence to appear as being dutiful and responsible (Torelli, 2013). For example, horizontal collectivists are more likely to deny that they would gossip about coworkers on a job, plagiarize a friend's paper for a course, or damage someone's furniture without telling them, whereas vertical collectivists are more likely to inflate their self-reported success at fulfilling their duties in close relationships with others (e.g., being a more responsible parent, friend, or spouse).

Persuasion

The content of advertisements can also reflect the vertical or horizontal tendencies of the cultures. Although advertisements from both Korea and Thailand (both collectivistic) contain more group-oriented situations than those from Germany and the USA (both individualistic), relationships between the central characters in advertisements that used humor were more often unequal in cultures characterized as having higher power distance (i.e., relatively vertical cultures, such as Korea) than in those labeled as lower in power distance (such as Germany), in which these relationships were more often equal (Alden, Hoyer, & Lee, 1993). Such unequal relationships portrayed in the advertisements reflect the hierarchical interpersonal relationships that are more likely to exist in vertical societies. Furthermore, a study that analyzed a great number of magazine ads in five countries found that in countries presumed to have a more vertical orientation (i.e., Korea, Russia, Poland, and the United States) message appeals conveying status (e.g., luxury, prestige, success) were more prevalent than in a country with a more horizontal orientation (i.e., Denmark), regardless of the type of magazine in which they appeared (Shavitt, Johnson, & Zhang, 2011). While status was the most dominant appeal in these vertical cultures, appeals conveying pleasure were more dominant in the horizontal society.

An important caveat to point out is that when a country is experiencing rapid economic growth, such as China, the advertising content does not necessarily reflect existing cultural values. Instead, message appeals tend to be Westernized, promoting aspirational values such as independence, uniqueness, and innovation. Zhang and Shavitt (2003) found that messages conveying youth, independence, and technology are especially prevalent in Chinese ads that target the younger Chinese population who work in urban environments, despite the fact that Chinese ads that target a broader population tend to be more traditional in nature and a better reflection of China's cultural values. A similar trend was uncovered by Han and Shavitt (2005) in South Korean advertisings during the country's rapid growth period. During this period, there was a shift toward message appeals conveying more individualist values, such as independence and modernity.

A focus on the vertical or horizontal versions of individualism and collectivism provides a more nuanced understanding of the persuasiveness of advertising appeals. Specifically, although appeals to self-enhancement values (emphasizing individual concerns with status achievement) and openness values (emphasizing individual concerns with being free and living an exciting life) seem equally appropriate in individualistic cultures (i.e., both primarily refer to individual interests), appeals to openness values are more appealing for consumers with a horizontal individualistic orientation, but less so for those with a vertical individualistic orientation. In contrast, appeals to self-enhancement values are more appealing for consumers with a vertical individualistic orientation, but less so for those with a horizontal individualistic orientation (Torelli, Özsomer, Carvalho, Keh, & Maehle, 2012). Similarly, although appeals to self-transcendence values (emphasizing collective concerns with the welfare of others and of nature) and conservation values (emphasizing collective concerns with maintaining traditions) seem equally appropriate in collectivistic cultures, appeals to self-transcendence values are more appealing for consumers with a horizontal collectivistic orientation, but less so for those with a vertical collectivistic orientation. In contrast, appeals to conservation values are more appealing for consumers with a vertical collectivistic orientation, but less so for those with a horizontal collectivistic orientation (Torelli et al., 2012).

Explaining Consumer Behavior Using the Dynamic Constructivist Theory of Culture

Saying that people in individualistic (collectivistic) cultures tend to view the self in an independent (interdependent) way does not mean that such people *always* view the self in a single manner. Within a particular culture, independent and interdependent experiences abound, so that the strength of these orientations varies both between and within cultural groups (see Oyserman, Coon, & Kemmelmeier, 2002; Oyserman & Lee, 2007). These within-country variations can be attributed to chronic dispositions associated with gender, race, or other personal characteristics, and can be further investigated using multilevel approaches (see Chap. 11). However, variations in self-definitions can also be triggered by situational factors. This is illustrated in a study with Hong Kong Chinese and US participants. They were given a text and were asked to circle either words like “I” and “Me” to prime an independent mind-set, or words like “Us” and “We” to prime an interdependent mindset. Afterwards they were asked to indicate their level of agreement with different values varying in their cultural orientation. Findings revealed that participants tended to endorse individualistic values when primed with an independent mind-set, and collectivistic values when primed with an interdependent mind-set, regardless of their national cultural orientation (Gardner, Gabriel, & Lee, 1999). Thus, culture can be “primed” to guide people’s actions.

Past research has found supportive evidence for cultural priming effects. For example, Alter and Kwan (2009) asked New Yorkers to forecast the weather or create a stock portfolio, either in the Upper East Side (control condition) or in Chinatown (priming condition) of Manhattan. They found that New Yorkers made different predictions and investment decisions depending on their location and environment. People in Chinatown predicted more changes in the weather and invested less aggressively in previously appreciating stock than did those in the Upper East Side. These findings are consistent with previous research on cultural interpretations of change, which has found that European Americans have the tendency to anticipate linear continuity, whereas East Asians tend to anticipate change in existing patterns (Ji, Nisbett, & Su, 2001).

Additionally, past research has found that not only the environment can infuse the judgments of people from one culture with the tenets of a second salient culture, but also cultural symbols. With globalization, people are increasingly exposed to cultural symbols, which could act as subtle but constant primes of the cultures they represent. For example, Alter and Kwan (2009) found that European Americans primed with the Chinese Yin-Yang symbol (which implies change) made similar predictions and judgments to Chinese participants.

Past research on cultural priming suggests that people can generally switch between cultural orientations in response to their context. This is especially the case for bicultural people (Fu, Chiu, Morris, & Young, 2007), who can readily switch back and forth (Lau-Gesk, 2003). For these individuals, exposure to symbols of one culture can prime them to adopt its associated cultural frame to the exclusion of the other (also known as “frame switching,” e.g., Briley et al., 2005; Hong et al., 2000; Ng, 2010). For instance, priming Singaporean consumers with American (vs. Singaporean) cultural icons induces impatience (i.e., promotion focus), and thus leads to higher willingness to pay for expedited shipping (Chen, Ng, & Rao, 2005). Similarly, Hong Kong Chinese participants presented with a McDonald’s advertisement (vs. an advertisement containing Chinese symbols) prefer an individualist message over a collectivist one (Chiu, Mallorie, Keh, & Law, 2009).

Recent research suggests that the way in which cultural frames are organized in memory can impact the motivations triggered by exposure to cultural primes. Mok and Morris (2013) demonstrate that bicultural individuals can show assimilative or contrastive responses to culture priming depending on how knowledge about the two cultural identities is organized in memory. In their studies, Asian (American) primes increased preference for individualistic (collectivistic) appeals among Asian-Americans who keep the two cultural identities as separate, and incompatible, representations of the self (i.e., nonintegrated biculturals). For these individuals, cultural cues that prime one cultural identity are perceived as a threat to the other cultural identity. In response to the threat, these individuals assimilate their behavior to the *unprimed* cultural identity as an attempt to affirm such identity. This finding highlights the context-dependence of bicultural individuals' behaviors. It is also consistent with the acculturation strategies exhibited by immigrants when trying to adapt to a foreign culture, as oftentimes such individuals fluctuate in their motivation to embrace the host culture (i.e., integration or assimilation), or to reject it (i.e., separation or marginalization, Berry, 1997).

Focusing on the identity aspects of cultural knowledge facilitates integrating the cultural literature with that on identity processes. Given that people strive to maintain a positive and optimally distinctive identity, when cultural cues bring to mind two contrastive identities (e.g., being Asian and being American) people might emphasize the one that helps them achieve positive distinctiveness for the situation at hand—and hence suppress the other. For example, maintaining positive distinctiveness might motivate an American Chinese bicultural individual exposed to a bicultural product (e.g., a Chinese breakfast cereal) to assimilate to his American cultural identity when in a Chinese-majority group.

Accessible cultural frames can induce people to behave in culturally consistent ways. This is illustrated in a study of American consumers (Torelli, Chiu, Keh, & Amaral, 2009). Participants were asked to write a story about the meaning of being an American, one that could convey to those unfamiliar with American culture the shared values and beliefs that are important to Americans, or the elements that define being a person of worth in American culture. As a part of the task, participants were presented with three brands and were further asked to use them when writing their stories. One group of participants was presented with culturally symbolic brands (*Coke*, *Nike*, and *Levi's*), whereas another group was presented with American brands that lack a strong cultural meaning (*Kodak*, *JanSport*, and *Tombstone*). After writing the story, participants were asked to indicate how easy it was for them to write the story and how well the story described to others the shared values and beliefs that are important to Americans. Results showed that, when writing about their culture, participants were more fluent in idea generation when they could include in their story culturally symbolic brands than when they included brands that lacked strong cultural meanings. This result was found both in self-reports of communicative fluency and in the number of ideas included in the story. The communicative effects of brand iconicity extended from communicative fluency to communicative effectiveness. Participants who used brands high in cultural symbolism included more important American values in their stories and felt that their stories communicated American culture more effectively. These findings illustrate how activating culture via exposure to culturally symbolic brands can bring to the fore of the mind the associated cultural knowledge, which in turn can result in assimilation of such knowledge as requested by the situation.

Exposure to iconic brands or products can also induce assimilation to culturally appropriate judgments and behaviors. Prior studies have shown that Hispanic American women presented with an advertisement in Spanish are more likely to endorse self-sufficient descriptors of behavior that reflect what is appropriate among modern Latinas than when presented with the same advertisement in English (Luna, Ringberg, & Peracchio, 2008). This occurs presumably because the advertisement in Spanish activates Latin culture, whereas the one in English does not. Consistently, Hong Kong Chinese participants presented with a *McDonald's* advertisement were more likely to prefer an individualist message over a collectivist one compared to participants shown an advertisement containing Chinese symbols (Chiu et al., 2009). This effect occurs presumably because the iconic American brand activated American cultural values (i.e., individualist values) and thus elicited culturally consistent judgments.

Certain consumption situations can also trigger assimilation to a cultural frame. This can occur when the situation heightens the relevance of culture for the decision at hand. A study about the food choices of Chinese American and Mexican American consumers illustrates this phenomenon (Stayman & Deshpandé, 1989). Participants were asked about their food choices for a dinner with either business associates or their parents. The food options included ethnic foods (relevant for each cultural group) or nonethnic foods. Participants were more likely to choose the ethnic food for a dinner with parents than for the same dinner with business associates. These results were driven by a heightened awareness of Mexican or Chinese culture when anticipating a dinner with parents—a situation in which culture is highly instrumental for making a good decision.

Considerations for Future Research

Although the last years have witnessed a tremendous advance in our understanding of cross-cultural consumer behavior, much is still to be learned in this domain. Potential for further refinements of our models can be achieved by exploring new cultural dimensions. A neglected source of cultural variation that has such potential is the distinction between cultures that are "tight"—have strong norms and a low tolerance of deviant behavior—and those that are "loose"—have weak norms and a high tolerance of deviant behavior (Gelfand et al., 2011). This distinction has important implications for a variety of psychological domains. For instance, tight societies have a much higher degree of situational constraint which restricts the range of behavior deemed appropriate across everyday situations, whereas loose societies afford a much wider range of permissible behavior across everyday situations. Accordingly, individuals in tight (vs. loose) cultures might be more prevention-focused (i.e., concerned with avoiding mistakes) and have higher self-regulatory strength (i.e., higher impulse control) (Gelfand et al., 2011). Research should be conducted to link the cultural dimensions of tightness and looseness with consumer behavior aligned with these culturally distinctive self-regulatory tendencies.

Another source of cultural variability likely to provide novel insights is that of religious beliefs. Interestingly, cross-cultural research has paid very little attention to the thorough cultural psychology theory of Max Weber in his *Protestant Ethic and the Spirit of Capitalism* (Weber, 2002). Recent research has started to unlock some of the potential in this theory for uncovering the link between sublimation, culture, and creativity (Kim, Zeppenfeld, & Cohen, 2013). Specifically, past experimental research has found that Protestants (vs. Catholics and Jews) are more likely to sublimate unacceptable sexual desires and suppressed anger, and to harness their anxieties about depravity to productive ends. Protestants (vs. Catholics and Jews) produced more creative artwork (sculptures, poems, collages, cartoon captions) when they were induced to feel unacceptable sexual desires or forced to suppress their anger. Activating anger or sexual attraction was not enough; it was the forbidden or suppressed nature of the emotion that gave the emotion its creative power. These findings emphasize the importance of adding to our understanding of the conscious cultural mind (e.g., values, attitudes, and beliefs) the perspective from subconscious processes where cognitions and emotions move in and out of consciousness. Future research aimed at this objective has the potential to unearth interesting cross-cultural effects.

Most of past research has focused on cultural differences between nations, and hence neglected the potential to explain within-country differences based on regional cultures or the cultural dynamics at a supranational level. Several cultures can coexist within the same region and the geographic borders that delineate a region might or might not coincide with country boundaries (Triandis, 1995). Furthermore, it is often the case that different cultures that coexist within a common region might compete with each other, collaborate with each other, or interact with each other within a hierarchical arrangement of social groups. For instance, we can consider the United States as a region in which individuals share the same American culture. However, we can easily identify subgroups of individuals in the United States that share distinctive cultural elements (e.g., White Americans, Black Americans, Latinos, or Native Americans). We refer to the patterns of cultural meanings shared by these subgroups as subcultures within the overarching American culture. These subcultures often compete with each other for the allocation of economic resources, but also cooperate with each other in shaping a common American identity.

Generally speaking, supra-level cultures seem to be defined in terms of the characteristics of the more (as opposed to less) dominant groups, and symbols of such dominant groups are more likely to be explicitly used as elements in broad-level cultural discussions (Zerubavel, 1996). For example, symbols and historical events linked to White Americans are more likely to be distributed through museums, shrines, and parks than those linked to African-Americans or Native Americans

(Myers, 2006), reflecting the higher status and power historically enjoyed by White Americans relative to other ethnic groups. This shapes an intersubjective understanding in American culture that "American = White"—an implicit shared belief that affirms the status distinction between ethnic groups in America by attributing Americanness exclusively to the dominant ethnic group (Caucasians) (Devos & Banaji, 2005). Extending these notions to brands, one could argue that brands that symbolize more (vs. less) dominant groups would find it easier to develop an iconic status at the superordinate cultural level. This would align with the observation that brands such as Harley Davidson and Ford, that have been traditionally associated with White male Americans, are revered as American icons. However, brands such as Coca-Cola and McDonald's, that are less distinctively associated with White America, have also managed to reach an iconic status in American culture. Further research should investigate the dynamic development of cultural meanings at different levels of group categorization.

The previous discussion about subgroups nested within a country-level identity (e.g., American identity) can extend to supra-level cultural identities encompassing more than one country-based cultural group. For instance, researchers often consider that East Asians share common cultural meanings rooted in Confucianism (Nisbett, 2003; Triandis, 1995), or deliberate about the emergence of an overarching European identity (Checkel & Katzenstein, 2009; Cinnirella, 1997). Nevertheless, Chinese, Korean, and Japanese cultures have their distinct cultural elements (e.g., the notion of amae in Japan, Doi, 1973; or that of chong in Korea, Kim & Choi, 1994) in the same way that Spanish and Danish cultures share unique cultural scripts (e.g., the Janteloven in Denmark, Nelson & Shavitt, 2002; or the cultural script of simpatía in Spain, Triandis, Marín, Lisansky, & Betancourt, 1984). Do people identify with these supra-level regional identities? How does identification with the supra-level regional identity impact consumers' attitudes toward brands that symbolize other subgroups nested within the regional identity? What role do potential intergroup rivalries play in shaping these attitudes?

Because people can define themselves in terms of either subgroup or superordinate identities depending on the context, there is reason to believe that consumers can factor in their sense of belongingness to a supra-level cultural group when interacting with brands that symbolize an out-group. Specifically, when members of different subgroups (e.g., Koreans and Japanese) are induced to think of themselves as a single superordinate group (e.g., recategorization as East Asians) rather than two separate groups, attitudes toward former out-group members can become more positive (i.e., pro-ingroup bias, Gaertner, Dovidio, Anastasio, Bachman, & Rust, 1993). However, when recategorization at a superordinate social identity becomes a threat to positivity and distinctiveness, such recategorization processes can backfire and increase intergroup bias (Crisp, Stone, & Hall, 2006). It seems then worthy to investigate the factors and psychological processes that impact people's reactions toward brands that symbolize out-group cultures that are nested within the same supra-level cultural identity (See Chap. 11 for a discussion of multilevel issues).

Future research should also further investigate the cognitive and motivational principles governing activation and application of cultural knowledge. Additionally, future research could further explore the consequences of the different ways in which cultural knowledge is acquired. Cultural knowledge can be acquired by a substantial cultural immersion (e.g., growing up in a culture and developing a cultural identity) or by more superficial encounters via international travel and indirect cultural contacts. In general, cultural knowledge acquired through substantial cultural immersion seems more likely to be identity relevant. Thus, activation and application of this knowledge would not only have cognitive consequences (as is also the case for cultural knowledge acquired through briefer encounters), but also motivational consequences. Further exploring these issues would open new doors in our understanding of cross-cultural consumer behavior.

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Chapter 5
Is It Culture? A Pragmatic Approach to Cross-Cultural Analysis

Hester van Herk and Ype H. Poortinga

Introduction

In the first section, we describe themes of debate in culture-comparative research, and the location of culture at the group level and/or at the individual level. We show that there is a large variety of conceptualizations and approaches, which leads to a looseness of research and interpretation that may be less than desirable, but which we accept as a given feature of the research traditions in consumer psychology and international business. The second section is on the status of psychocultural and sociocultural dimensions as explanatory variables. In particular we look at the most famous of these dimensions, individualism-collectivism (Hofstede, 1980, 2001; Triandis, 1995), arguing that its construct validity is vague despite the enormous body of research referring to it.

This second section is meant to prepare the stage for the third section, where the key point is the overlap in explained variance accounted for by measures of economic affluence, such as GDP per capita, and by sociocultural and psychocultural variables at national level, such as Hofstede dimensions (Hofstede, 2001), Inglehart's dimensions (Inglehart, 1997), and Schwartz (1999) culture-level dimensions. From a prediction-oriented perspective in international business and consumer science we can set aside what the conceptual status is of these variables; the main objective is to maximize explained variance in an outcome variable. This leads to the question how much additional variance can be accounted for by psychocultural variables after variance that can be explained in terms of objective data

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such as affluence (or climate, or population density) has been accounted for. We present the results of a preliminary study in which this question is examined. We use sales data from a large consumer database (Euromonitor, GMID) to explore how much additional variance is explained by the most extensively studied psycho-cultural variables (i.e., value dimensions such as the ones by Hofstede, Inglehart, and Schwartz) after effects of GDP per capita have been accounted for. In the conclusion section, we summarize the main points of the argument and explore the scope and limitations of this analytic approach.

The Concept and Locus of Culture

In the fields of international business and consumer behavior, "culture" is a central concept in the analysis of group differences, especially national differences. At the same time, it is a concept that has myriad meanings. The most common denominator of these meanings is some kind of difference or diversity between identifiable groups of individuals. This is in line with the conceptualization of culture in other disciplines, including cultural anthropology that derived its *raison d'êt*re from the ethnographic analysis of separate human populations, which are called "cultures." There are hundreds of definitions of culture and it has been argued that it is up to researchers to select the one that fits their particular orientation and research topic (e.g., Soudijn, Hutschemaekers, & Van de Vijver, 1990). Culture even has been described as "an empty sign that people fill with meaning from their own academic backgrounds or personal experiences" (Baldwin, Faulkner, Hecht, & Lindsley, 2006, p. 24). Evidently, for purposes of research this is an undesirable state of affairs (Poortinga, 2015); empirical research is served by precise definition of concepts and postulated relationships between concepts that can be either supported or falsified in rigorous hypothesis testing. An approximate meaning of what authors allude to when referring to culture often can be derived from the topic of a study. Berry, Poortinga, Breugelmans, Chasiotis, and Sam (2011) have distinguished three themes in the behavioral sciences: internal and external culture, relativism and universalism, and coherence of cross-cultural differences. We will describe these and add two other themes we consider important: levels of analysis and whether culture is considered to be static or dynamic.

Internal and External Culture

The first theme is on the question whether, or to which extent, culture is conceptualized as part of the person (internal culture), and to which extent as a set of conditions outside of the person (external culture) (see Berry et al., 2011 for an overview). Economic affluence, mode of economic subsistence, and the political organization of a society are aspects of external culture, but also language and the dominant religious denomination of a group. These external characteristics are concrete and observable, and internal characteristics are inferred. Internal culture refers to "meanings," i.e., values, attitudes, knowledge, and beliefs that (most) members of a group share. There is a close relationship between external and internal culture; much of the pre-existing features of one's context become internalized in the processes of "enculturation" and "socialization"; mother tongue is perhaps the clearest example, but also the religious beliefs and a host of everyday practices are transmitted to youngsters when they grow up, and to people who move to a new country or a new work organization.

As far as we can see in international business and consumer research, most authors recognize that culture can be both "out there," and "in here." In contrast, in many empirical studies only internal aspects serve as the independent variable; there is much research in which differences on value dimensions are key antecedents (Han & Shavitt, 1994; Mattison Thompson & Chmura, 2015; Nelson, Brunel, Supphellen, & Manchanda, 2006; Steenkamp, ter Hofstede, & Wedel, 1999). There are also studies, in marketing and consumer behavior, in which the combined effect is examined of external and internal culture variables on some dependent variable (see, Griffith, Yalcinkaya, & Rubera, 2014; Tellis, Stremersch, & Yin, 2003). We shall come back to this later.

Relativism and Universalism

The second theme mentioned by Berry et al. (2011) is the contrast between relativist and universalist ideas about human psychological functioning. In universalism, the focus is on how different ecological and sociocultural environments impact on common human functions and processes, and how these causally lead to, enable, or facilitate differences in behavior. Comparisons are controlled and instruments are adapted across cultures. In relativism, functions and processes themselves are seen as inherently cultural; they are formed by the interactions between organism and context. Comparisons across cultural groups are usually avoided, and a culture-specific or "emic" perspective is taken. In consumer research, Holt, Penaloza, and others (Penaloza, 1994; Üstüner & Holt, 2010) take this perspective; they describe cultural groups in their own context (ethnography) and refrain from cross-cultural comparisons. An example in psychology of a field with extensive debate has been cross-cultural research on emotions. One position, initially formulated by Ekman (1973), is that the same emotions are universally present, with characteristic muscular patterns in the face for each of several emotions as the main source of evidence. Observable differences in emotions between human groups are said to result mainly from specific display rules, i.e., whether you can show an emotion to others in various situations (Ekman, 1973; Matsumoto, Yoo, & Nakagawa, 2008). The opposite position was that emotions are socially constructed and "anything but natural" (Kitayama & Markus, 1994, p.1). The major argument for this position derived from the observation that emotion terms in some languages lack corresponding terms in other languages, with the implicit assumption that emotion words are linked to emotions in a one-to-one fashion. Such contrasting positions tend to move over time; there is evidence that the absence of a term for an emotion does not imply absence of what that term signifies elsewhere (e.g., Breugelmans & Poortinga, 2006), and emotions now tend to be seen as complex events with various components such as antecedent conditions and action tendencies, in each of which cross-cultural variation and invariance can be examined (e.g., Berry et al., 2011). This has weakened the sharp contrasts between universalist and relativist viewpoints, but at the same time, the old positions linger on, with some researchers emphasizing the extent of cross-cultural variation more than others (Poortinga, 2016).

The contrast between relativist and universalist ideas may seem to be less pertinent for international business and consumer research, but culture-comparative research only makes sense in so far as the concepts or dimensions being compared in a study can be taken as shared features. Since one cannot compare apples and bananas, culture-specificity and relativism are difficult to reconcile with the logic of comparison. On the other hand, the very fact that a culture-comparative study is undertaken implies that cross-cultural differences supposedly do matter and, if so, such differences are not limited to research content, but may also affect the equivalence of the measures that are used for data collection (see Baumgartner & Weijters, 2017).

Coherence of Cross-Cultural Differences

The third theme distinguished by Berry et al. (2011) is on the psychological coherence of cross-cultural differences in behavior: to what extent do all kinds of differences in manifest behavior hang together and can be interpreted in terms of the same concepts? Berry et al. make a distinction between various kinds of inferences or interpretations. The most far-reaching ideas about coherence are found in ethnographies where a culture is depicted as a system and all elements are seen as interrelated. Somewhat less far reaching in terms of presumed coherence, but frequently found in economics and psychology, are broad ranging dimensions, such as tight versus loose societies (Gelfand et al., 2011) and, especially, individualism-collectivism (Hofstede, 2001; Triandis, 1995), or its parallel of independent versus interdependent construal of the self (Markus & Kitayama, 1991). Other society-level dimensions are embeddedness-autonomy, hierarchy-egalitarianism, and mastery-harmony (Schwartz, 1994) or Inglehart's dimensions tradition versus secular-rational and survival versus self-expression (Inglehart, 1997). Another kind of interpretations of cross-cultural differences is in terms of domains of behavior rather than properties of people. Domains can be broad in the sense of encompassing a wide set of elements. A broad domain is that of literacy as opposed to illiteracy; there are important cognitive correlates of literacy, but being literate refers to having gone to school, rather than being smart or intelligent. There is a host of domains that are limited to specific classes of situations and that go by names like conventions, customs, or practices. These refer to concepts that stay close to observation of daily life. Conventions are the numerous (partly arbitrary) agreements in a society about what to do in concrete situations, what to believe, what to wear, how to behave, etc. (Girndt, 2000). Sometimes conventions are closely interconnected (coherent), like traffic regulations, but these pertain to well-defined classes of situations. In general, conventions are only loosely interrelated. Having a convention can be more important in a society (or a social class) than its precise form, as demonstrated by the need to stick to either right-hand or left-hand traffic. This example shows that cross-cultural differences in conventions need not be interconnected across domains; right-hand or left-hand traffic is largely historical in the UK and the former colonies of the British Empire in which one moves on the left side.

Interrelations between cross-cultural differences, pointing to coherence, are a major feature of research in consumer science. For example, the widely known dimension of individualism-collectivism (Hofstede, 1980, 2001), discussed in more detail later on, has been evoked in explanations not only of the differences directly related to societal wealth between East Asians and European Americans, but also in explanation of differences in emotions and cognition, consumer preferences, consumer choice, attitudes, and risk taking (e.g., Briley, Morris, & Simonson, 2000; Iyengar & Lepper, 1999; Monga & Roedder John, 2007; Nisbett, 2003; Valenzuela, Mellers, & Strebel, 2010). It may be noted that much of the evidence, including that from psychophysiological recordings (fMRI, e.g., Hedden, Ketay, Aron, Markus, & Gabrieli, 2008), comes from intergroup comparisons with only two small samples, which are vulnerable to erroneous interpretation(Simmons, Nelson, & Simonsohn, 2011; Vul, Harris, Winkielman, & Pashler, 2009). Unfortunately, group differences in means or in correlations between two (or more) variables may exist due to systematic bias. Concluding that the observed difference is due to internal culture may well be too strong an inference.

The notion of cultural conventions has been described here in some detail as it provides a starting point for cross-cultural analysis without implicit assumptions of cultural coherence. The point is that in research causal evidence is needed before coherence of patterns of differences can be accepted. Correlations between variables, which reflect co-occurrence rather than causal or functional links, do not provide strong enough evidence, as they are open to multiple interpretations. All in all, a kind of bottom-up analysis based on domain-oriented notions, such as conventions or everyday practices, may provide an alternative starting point for research on behavior and culture than found in most of the literature.

Population Level and Individual Level

There is a fourth theme in the literature that we would like to draw attention to, namely the need for a multilevel perspective in the analysis of cross-cultural data. Such data are collected minimally at the two levels of cultural groups, notably countries or regions, and individuals nested within such groups. Sometimes more levels need to be distinguished; in cross-cultural research on work-related variables, individual staff members are nested in organizations, which in turn are nested in countries. In a nutshell, multilevel analysis is about the shift in meaning that can occur when dealing with data at different levels (see also Chap. 11, this volume). An iconic example comes from the field of education, where it is widely found that, at the individual level, girls tend to have a higher mean score on verbal ability tests than boys who, in turn, tend to score somewhat higher on spatial ability tests. When analyzing test scores at the level of classrooms, a class with many girls can be expected to have a relatively high mean score on verbal tests, and a low mean on spatial tests, and vice versa for a classroom with many boys. Thus, these mean scores at the level of classrooms may reflect gender ratio, more than the abilities, which are assessed at the level of individual pupils. Other shifts can occur with additional levels; in country differences of score distributions on ability tests, national expenditure on education is a major factor (Stanat & Lüdtke, 2007).

A more detailed account of multilevel data analysis is provided by van Herk and Fischer (2017); here we merely draw attention to a few key features relevant to the remainder of this chapter, namely isomorphism versus non-isomorphism, and aggregation and disaggregation of scores (Van de Vijver, Van Hemert, & Poortinga, 2008). Isomorphism implies identity of the meaning of concepts and relationships at the two levels of individuals and cultural groups, most often countries. Non-isomorphism implies that at individual and country levels phenomena differ in structure and require different concepts for explanation. When scores for countries are derived from the scores of samples of individuals within the countries, this is called aggregation; when individuals within a country are assigned the score for that country, this is called disaggregation. Although disaggregation and the associated assumption of cultural homogeneity may not be justified, disaggregation is frequent even among researchers, as we argue below. Perhaps the most important point to note here is that even within a single data set with individual data and aggregated country data, the individual- and the country-level structures statistically can be independent from each other (Dansereau, Alutto, & Yammarino, 1984) and thus can be non-isomorphic. As a consequence, when using the same concepts across levels (e.g., Japan is a collectivist country and Japanese are collectivists) researchers should be expected to provide explicit evidence of isomorphism.

Culture as Static or Dynamic

A common theme in the research covered is that culture is taken as static rather than dynamic, at least over the period of time for which interpretations of cross-cultural differences supposedly remain valid. Consequently, empirical research refers to something more stable than fleeting constructions or meanings. The concept of culture presumes that there is some essence to be captured; the elephant mentioned in the introduction is not only an imagination, it is real somehow, even if we cannot readily capture it. One implication is that culture cannot be conceptualized as fluid, as advocated by authors like Meyer and Geschiere (1999), or dynamic (Hermans & Kempen, 1998); culture in comparative research implies some reification or objectification and some permanence over at least a period of time. Continuity does not rule out change, e.g., change in values (Bardi, Lee, Hofmann-Towfigh, & Soutar, 2009), but change is limited; like art traditions can be recognizable over several centuries, we tend to perceive historical identity of cultural patterns.

A similar argument pertains to the individuals who belong to a given population that is called “a culture.” In ethnography, the notion of “a culture” referred to a group of people with a particular way of life that was well demarcated from other groups. Such groups were characterized by differentiation (distinct behavior) and permanence (continuity over time), demonstrated by homogeneity within and heterogeneity between populations for a wide range of variables (Berry et al., 2011). In cross-cultural business and consumer research, distinctions between populations are mostly in terms of countries, which show considerable within-country heterogeneity on many psychological and social variables. The traditional meaning of culture is further eroded when the label of culture is used for groups, such as organization culture (Schein, 2006), youth culture (Kjeldgaard & Askegaard, 2006), and consumer culture (Slater, 1997). The concept is then associated with a set of practices (norms, skills, etc.) that are limited to specific settings and occasions, but usually there is still a clear demarcation between members and nonmembers.

In recent research, there appear to be further erosions of the traditional ideas that culture is at the nation level. In marketing research, there have been attempts to define subgroups (segments) based on values or attitudes so that the variance between these segments is maximized (Wedel & Kamakura, 2001), and within-country heterogeneity is taken into account. Such segments are post hoc distinctions and they are likely to be crosscutting recognized cultural distinctions such as nations (ter Hofstede, Wedel, & Steenkamp, 2002; Van Rosmalen, Van Herk, & Groenen, 2010). A further step is a distinction between value archetypes that are identified in different countries, with post hoc explanation why differences in archetype prevalence between countries make sense (Lee, Van Herk, Schwartz, Soutar, & Eugster, 2016). The classical associations of cultures with permanence and differentiation have been given up completely with the use of the term “superdiversity” to refer to communities with large variation in ethnic and national origin (e.g., Van de Vijver, Blommaert, Gkoumasi, & Stogianni, 2015), and with the term “polycultural psychology” to refer to multiple backgrounds of and influences on individuals in such communities (Morris, Chiu, & Liu, 2015).

In conclusion, in international business and consumer research, there are studies with, for example, individuals nested in national regions, or in segments, or in organizations that in turn can be nested in industries, etc., but the large majority of studies are about individuals nested in countries. These are the studies we will address mainly in later sections. The enormous flexibility in the meaning of “culture” and “cultures” in our view creates the space for the kind of analysis that we will present in the third section.

Cross-Cultural Differences, Some Critical Questions

International business and consumer research is driven by differences in behavior, attitudes, and opinions across groups, especially countries. The objective is to explain and predict such differences. Cross-cultural research on noneconomic variables, especially values, has risen to prominence in international business and consumer research through the work by Hofstede (1980, 2001). His findings were based on a lengthy survey instrument administered to well over 100,000 employees of IBM. In a factor analysis on the aggregated country scores of 14 items on work goals, three factors emerged, of which one was a bipolar factor that Hofstede split in two dimensions, Individualism and Power Distance. The other two factors were labeled as dimensions of Uncertainty Avoidance and Masculinity. Hofstede interpreted the differences in country scores on work goals as reflecting differences in values, defining a value as "a broad tendency to prefer certain states of affairs over others" (p. 19). His interpretation refers to psychological rather than social (institutional) level concepts: "In studying 'values' we compare individuals, in studying 'cultures' we compare societies" (Hofstede, 2001, p. 15). It should be noted that factor analysis at the individual level on his IBM data did not lead to any clearly identifiable factors and Hofstede has argued repeatedly that these value dimensions are at the level of countries; their use at the level of individuals would amount to committing an ecological fallacy (Robinson, 1950). Later on the item set was modified a few times and further dimensions have been added, such as long- versus short-term orientation (Hofstede, Hofstede, & Minkov, 2010), but these changes do not affect our comments. Inspired by Triandis (e.g., Triandis, 1995; Triandis & Gelfand, 1998) Individualism, renamed Individualism-Collectivism, became the most outstanding dimension. It often takes the form of a dichotomy, distinguishing individualist and collectivist countries and then has close parallels with the dichotomy between independent construal of the self and interdependent construal of the self (Markus & Kitayama, 1991). Since Individualism or Individualism-Collectivism is the most extensively used dimension in the literature, we have chosen it for further elaboration in this section of the chapter.

In numerous studies, relationships with all kinds of variables have been reported that together tend to be seen as providing massive support for differentiation between more individualist and more collectivist countries. Also, several important correlates of individualism-collectivism at the individual level, as well as at the national level, have been reported, including individual autonomy versus conformity (Greenfield, Keller, Fuligni, & Maynard, 2003), individual and institutional trust (Huff & Kelley, 2003; van Hoorn, 2014), and self-esteem (Heine, Lehman, Markus, & Kitayama, 1999). Triandis (1995) has given a sense of integration to the overall western versus non-western individualism-collectivism dimension by referring to it as a cultural syndrome. A syndrome in this sense can span attitudes, motives, values, categorizations, etc.

Soon after individualism-collectivism became popular, various kinds of doubts and criticisms started to appear. First, there have been questions concerning the theoretical status of the dimension and the construct validity of Hofstede's scale.

The concept has been said to be too broad, leading to a fuzzy conceptualization that is not demarcated as to what belongs to it and what not, and that is difficult to examine critically (e.g., Jahoda, 2012; Segall, 1996). Initially, the dimension was taken to cover social values, but later on also motivation, cognition, and perception (Markus & Kitayama, 1991; Nisbett, 2003) were linked to it. In addition, the question has been raised whether values pertain to what a society intrinsically holds in high regard or to what is felt to be missing or lacking (see Maseland & van Hoorn, 2017).

Second, there have been many findings that went against expectation. For example, in an early replication with samples from 23 countries, Spector, Cooper, and Sparks (2001) found rather poor item consistencies for the individualism scale and could not replicate Hofstede's factor structure. In a large review by Oyserman, Coon, and Kemmelmeier (2002), European Americans surprisingly were found not to be more individualistic than African-Americans, or Latinos, and they were not less collectivistic than Japanese or Koreans. Schimmack, Oishi, and Diener (2005) found low correlations between individualism-collectivism scales on which the review by Oyserman et al. was based, and measurements in what they call the "Hofstede tradition." Schimmack et al. suggest that this anomaly can be solved if corrections for response style effects are applied and conclude that Hofstede's individualism-collectivism dimension is related to national development and affluence. If so, conclusions derived from the extensive literature analyzed by Oyserman et al. cannot be upheld.

Third, there is explicitly incompatible evidence from studies that were not seeking convergent evidence, but were designed to critically examine cross-cultural differences as proposed by the individualism-collectivism conceptualization. Perhaps the best example is a rarely cited study by Sinha and Tripathi (1994) who argued that in India, usually considered a collectivist country (e.g., Galinha, Garcia-Martin, Oishi, Wirtz, & Esteves, 2016; Sinha & Verma, 1987), both individualist and collectivist orientations coexist; they submitted that "the use of dichotomies is a heuristic device in the West … it produces stereotypical and distorted pictures of complex social reality … [and] inevitably leads to our making good/bad comparisons" (p. 123). They developed a questionnaire with three response alternatives per item: reflecting (1) individualist, (2) collectivist, and (3) a blend of collectivist and individualist elements. A substantial majority of the responses of Indian students went to the third alternative, suggesting that it is dependent on the situation whether individual concerns or group concerns determine an answer. Unfortunately, to the best of our knowledge this study has not been replicated in any other country.

The largest overview of studies using Hofstede's dimensions is by Taras, Kirkman, and Steel (2010). We mention three of their findings for individualism: (1) with one exception correlations at individual level with a variety of work and organizational variables are below $r = .20$; (2) several correlations at country level are much higher (the two highest are $r = -.70$ for corruption and $r = .58$ for wealth); and (3) correlations for Individualism and Power Distance tend to be similar but with reversed sign. In Hofstede's (1980) original data set, the correlation between individualism and Gross Domestic Product (GDP) was $r = .82$. The correlation of power distance (the dimension derived from the same bipolar factor as individualism) with GDP was $r = -.65$. In an extensive replication study with airline pilots in 19 countries, including most of Hofstede's (1980) original items, the correlations between the country scores and the original indices were $r = .87$ (power distance), $r = .96$ (individualism), $r = .75$ (masculinity), and $r = .67$ (uncertainty avoidance) (Merritt, 2000). Thus, individualism and power distance were substantially replicated and, we note, these two dimensions are strongly correlated with affluence.

From this, admittedly incomplete, overview we derive two suggestions. First, at the country level Hofstede's scale for individualism has a strong positive relationship with economic wealth, a finding corroborated by the reverse relationship of wealth with power distance, the opposite pole in Hofstede's original factor analysis. Second, correlations with other kinds of variables at the individual level tend to be low and it is conceptually unclear what is being measured.

Size of Cross-Cultural Differences

The size of a difference, i.e., the proportion of explained variance, is a major parameter in research. Small effects can be important for theory, but their importance for applied research has to be demonstrated, or at least made plausible. In much of the literature, importance continues to be associated with statistical significance, although with sizable samples the proportion of explained variance can be small. In the words of Cohen (1994):

> "statistically significant does not mean plain-English significant, but if one reads the literature, one often discovers that a finding reported in the Results section studded with asterisks implicitly becomes in the Discussion section highly significant or very highly significant, important, big!" (Cohen, 1994, p. 1001).

In survey research national samples are often large and even small differences between means can be highly significant statistically. Therefore, it is widely recommended that effect size be reported in addition to statistical significance. Estimates of effect size make use of correlations (e.g., eta-squared (η^2), r corrected for reliability) or the difference between means (notably Cohen's d). However, sociocultural and psychocultural variables are not measured on absolute scales and are not anchored on some tangible standard. As a consequence, even with perfect explanation it is not clear how much difference there is in absolute terms between high and low scores in terms of some target variable, such as, for example, openness to innovation or the intention to buy a product. One step in this direction is the expression of country variance as a proportion of the total variance in a person by country matrix, i.e.: $\omega_c^2 = \sigma_c^2 / \left(\sigma_c^2 + \sigma_{p(c)}^2\right)$, where σ_c^2 is the between country variance and $\sigma_{p(c)}^2$ is the between person variance for individuals nested in countries.

In so far as such estimates are available, they point to very modest cross-cultural (cross-national) differences of self-report questionnaire scores in core psychocultural variables, such as personality traits and values. Contrary to our intuitions, the variance for individuals nested within countries tends to be much larger than country variance. For instance, for the Neo-PI-R, the most common measure for the Big Five personality dimensions, country differences explained approximately 12% of the variance in self-ratings and 4% in ratings by others in a large set of literate samples (McCrae & Terracciano, 2005a, 2005b; McCrae & Terracciano, 2008). For values, the best available estimates are by Fischer and Schwartz (2011) who found that, on average, country differences accounted for about 12% of the variance in self-ratings on the Schwartz Values Scale (SVS). It makes sense to look at these percentages for the two levels, as both the Neo-PI-R (McCrae & Terracciano, 2005a, 2005b; McCrae & Terracciano, 2008) and the SVS (Fischer & Schwartz, 2011) meet, or nearly meet, psychometric conditions for isomorphism.

Estimates of country variance most likely still are overestimated because methodological artifacts and cultural bias (lack of equivalence) are still included (e.g., Van de Vijver & Leung, 1997). It is well-known that lack of equivalence is a serious threat to valid cross-country comparison, at the item level (e.g., poor translation, additional meaning of words), at the level of method (e.g., differential social desirability, differential response styles), and even at the level of concepts (e.g., differential coverage of the construct or domain) (e.g., van de Vijver & Tanzer, 2004). Some forms of method bias can be avoided through standardization of scores within subjects, but this is only a partial solution. A study by Van Hemert et al. may be mentioned to illustrate the psychometric weakness of assessment of cross-cultural differences. In a meta-analysis of 188 cross-cultural emotion studies, it was examined to what extent reported cross-cultural differences in emotion variables could be considered to be valid (substantive factors) or to be method-related (statistical artifacts, cultural bias). In this analysis, artifacts and method related factors accounted for 13.8% of the variance, substantive factors for 27.9%, and more than half (58.3%) was unexplained variance (Van Hemert, Poortinga, & van de Vijver, 2007).

So far the gist of our argument has been that for psychocultural variables, country differences are much smaller than we would expect. This is not to deny that there are large and important cross-cultural differences in manifest behavior, reflecting external culture, but in psychocultural and sociocultural functioning humans may be much the same everywhere. In the previous section we referred to cultural practices and conventions, but there are also broader differences in manifest behavior, especially as a function of affluence of a society. Average ratings of happiness differ dramatically with GDP per capita (Hagerty & Veenhoven, 2003; Veenhoven, 1991), and substantial correlations with GDP have also been found for life satisfaction (Diener & Diener, 2009) and subjective well-being (SWB, Diener, Diener, & Diener, 1995).

Our emphasis on affluence should not be taken to mean that there is no room for other kinds of variables in explaining cross-cultural differences. SWB is a case in point; it has a linear relationship with log income, implying that with increasing wealth subjective well-being reaches an asymptote. Moreover, some nationalities and ethnic groups report higher satisfaction with life and well-being than would be expected on the basis of their affluence. In such groups, members can count on others and receive social support (Diener, Ng, Harter, & Arora, 2010). However, we see no justification for the primacy of psychocultural variables over economic variables in cross-cultural analysis that is implicit when the independent variables in a comparative analysis are limited to values.

In summary, we have argued in this section that empirical data on country differences in broad dimensions of internal culture, notably the value dimension of individualism-collectivism, point to much smaller differences than commonly thought, while at the same time there can be large differences in reactions to a variety of concrete situations as well as along dimensions of external culture, such as affluence.

The Contribution of Psychocultural Variables to Explaining Consumer Behavior: An Illustration

In the first section, it has been argued that culture has been conceived of as internal and/or as external to people. The two are often seen as inextricably linked, the more so when societal developments over historical time are considered. Probably the most famous example of a theory on the influence of internal culture on external culture was postulated by Weber (2002), who argued that the rise of capitalism in Europe should be traced back to the Protestant religion with its emphasis on achievement and a frugal life style. Results that questioned the theory have led to extensive debate (e.g., Becker & Woessmann, 2009). Another example is the question of the antecedent conditions that have led to the emergence of individualism in western societies, with historical roots sometimes going back as far as medieval times (Kagitcibasi, 1997) or even ancient Greece (Nisbett, 2003). Such debates are difficult to resolve as the various evoked variables are heavily confounded (van Herk & Poortinga, 2012). While we agree that for proper understanding the role of important variables and their interrelationships need to be examined, we like to argue that it may be sufficient, and even more profitable, for analyses in international business and consumer behavior to pursue short-term goals geared towards the prediction rather than the explanation of behavior in cultural groups, such as countries.

In this section, we present an initial exploratory analysis examining how much variance in the sales volume of six miscellaneous products can be accounted for by external and internal cultural variables. In the current literature, psychocultural variables tend to be used to explain cross-national differences in sales or purchases. Remarkably, GDP per capita, a readily available objective predictor of consumer purchasing behavior, often is not included in the models and variance is explained only by psychocultural variables at the country level (Dwyer, Mesak, & Hsu, 2005; Lynn & Gelb, 1996; Mattison Thompson & Chmura, 2015). We propose to start an analysis by first peeling off the variance that can be accounted for by economic variables of which there are extensive and easily accessible international data, such as data from national statistical bureaus or the World Bank. Thereafter we calculate how much of the remaining variance can be accounted for in terms of frequently used value survey scales by Hofstede, Inglehart, and Schwartz.

Method

To illustrate the effect of internal culture (value dimensions) in comparison with external culture on marketing outcomes we employ data at the nation level from the GMID (Euromonitor) database for the year 2014. To obtain insight into a large variety of consumer products, we use sales data available on consumer services, relatively cheap fast-moving consumer goods, generic consumer electronics, and expensive luxurious products. The data cover up to 80[1] nations worldwide, including the main emerging markets China, Brazil, and Russia, for which information is available on both products and the culture dimensions of Hofstede, Inglehart, and Schwartz.

In particular, we include:

- Internet retailing (retail value per 1000 people in US$)
- Soft drinks off-trade (=in stores; retail value in liters per 1000 sales)
- Nappies/diapers/pants (units per 1000 people)
- Mobile phones (retail volume per 1000 people; sales volume)
- Microwave ovens (retail volume per 1000 people; sales volume)
- Luxury designer apparel and footwear (US$ spent per 1000 people)

For GDP per capita we use the recent information on 2014 from the World Bank (2016). For the psychocultural information we use the nation-level data of the main cultural frameworks by Hofstede, Inglehart, and Schwartz. Specifically we use recent scores on Individualism, Masculinity, Uncertainty Avoidance (Hofstede et al., 2010); Survival versus Self-Expression and Tradition versus Secular-Rational (Inglehart, 1997; WVS wave 6, 2014); and the three main Schwartz dimensions at the nation level (Schwartz, 1999) of Embeddedness (vs. Autonomy), Hierarchy (vs. Egalitarianism), and Mastery (vs. Harmony).

Results

The results are summarized in Table 5.1. On the top row the correlation is presented of GDP per capita with the national-level sales volume per 1000 people in each product category. The remaining rows in the table present explained variance based on country scores. There are two entries per product category:

Before: the uncorrected percentage of explained variance of a psychocultural variable.

After: the percentage of explained variance of a psychocultural variable corrected for GDP per capita (i.e., after peeling off GDP variance).

[1] Consumer sales data are available for 80 countries for Internet retailing, soft drinks, and nappies, for 46 countries for both mobile phones and microwaves, and 32 for designer apparel. Data on culture dimensions are available for Hofstede (60), Inglehart (66), and Schwartz (57)

Table 5.1 Estimates of explained variance for GDP and for various value dimensions before and after correction for GDP

		Internet retailing (n = 80)	Soft drinks (n = 80)	Nappies (n = 80)	Mobile-phones (n = 46)	Microwaves (n = 46)	Designer apparel (n = 32)
GDP capita		.458***	.189***	.370***	.560***	.239***	.527***
Hofstede ($n \leq 60$)							
Individualism (IDV)	Before	.423***	.188***	.177***	.036	.473***	.056
	After	.091*	.096*	.017	.071	.179**	.034
Uncertainty avoidance (UAI)	Before	.123**	.103*	.000	.159**	.002	.071
	After	.006	.231***	.062	.016	.031	.000
Masculinity (MAS)	Before	.004	.075	.000	.002	.039	.007
	After	.003	.077*	.000	.001	.036	.009
Inglehart ($n \leq 66$)							
Survival—self-expression	Before	.275***	.041	.122**	.165**	.227**	.204*
	After	.031	.002	.005	.000	.039	.012
Traditional—secular-rational	Before	.559***	.218***	.273***	.139*	.521***	.141*
	After	.135**	.120**	.044	.029	.199**	.000
Schwartz ($n \leq 57$)							
Embeddedness	Before	.372***	.231***	.175*	.094	.301***	.129
	After	.050	.128**	.010	.036	.066	.025
Mastery	Before	.036	.015	.000	.005	.005	.030
	After	.016	.009	.000	.018	.001	.013
Hierarchy	Before	.201***	.179**	.113*	.000	.120*	.026
	After	.036	.105*	.017	.092	.025	.020

Explained variance in each cell (r^2) p-value F ***$p < .001$; **$p < .01$; *$p < .05$

Table 5.1 shows that GDP per capita is a strong correlate of international product sales and adoption; in mobile phones it is virtually the single correlate. Across the six categories GDP per capita explains about 39.1% of variance; the minimum is 18.9% for soft drinks and the maximum 56% for mobile phones. Only for soft drinks psychocultural variables explain more than GDP per capita; for microwave ovens and Internet retailing the amount of variance explained is about equal. After correction for GDP per capita, for mobile phones, nappies, and designer apparel, the psychocultural dimensions explain less than 5% of the variance (r^2). For both Internet and microwaves the amount of variance explained by the psychocultural variables reduces by more than 50%. Only for soft drinks the amount of variance explained by the psychocultural variables remains about equal. Each of the three frameworks explains about the same amount of additional variance. We see that for sales of products, the additional explained variance of psychocultural variables can be relatively low. A substantial amount of variance at the nation level is explained by wealth, i.e., GDP per capita.

Discussion

There is substantial variation, both in the uncorrected and the corrected entries. Consumer spending on designer apparel is highly correlated with GDP per capita and hardly with any other variable, which makes sense, as these products tend to be expensive with cheaper alternatives available for customers with average or low income. Relatively low correlations with GDP are found for soft drinks; two likely factors are that such drinks are popular in countries with poor water quality and that in Western countries usage is suppressed because of concerns about sugar intake. Entries corrected for effects of GDP explaining ≥10% of the variance ($r^2 > .10$) are found for Internet retailing, soft drinks, and microwave ovens. The explained variance by culture dimensions after correction for GDP per capita is the highest for soft drinks. Our tentative interpretation is that with the wide global distribution strategy of soft drinks, psychocultural rather than economic considerations determine the purchase. This interpretation is in line with de Mooij (2000) who found that when soft drinks became common in the 1970s, there was a strong correlation with GDP per capita; over time this correlation became lower and especially the correlation with Hofstede's Uncertainty Avoidance Index increased. The effect of psychocultural variables on the sales of microwave ovens might be influenced by cooking traditions, in some nations cooking a good meal in a microwave is "not done," but we have no evidence to back up this suggestion. For Internet retailing to be successful, interpersonal trust needs to be high (Grewal, Iyer, & Levy, 2004) and countries differ in the development of trust (Doney, Cannon, & Mullen, 1998).

Explaining cross-cultural differences is a steep order. Here we do not so much attempt to "explain" variance, but to "account" for it. Our results show that GDP per capita accounts for well over half of the explained variance in sales of a variety of products and services. In further studies we intend to use more products and more variables (e.g., trust, well-being) to peel off more variance. By including more product categories we intend to get a better grasp on the variation in estimates of effects. For example, uncertainty avoidance accounts for a remarkably high percentage of the national variance in sales of soft drinks. Will this also hold for tea, which is the most popular drink in many countries?

Conclusions and Implications

Since we do not try to explain "culture" but only try to account for variance, we call our approach pragmatic. Breaking down variance in the way portrayed here should be helpful in making marketing decisions, especially when several countries are involved, and with market entry. Including external culture in addition to internal culture is useful, not the least as the former information is more widely available than the latter. Moreover, for the future we see a strong increase in the use of ad hoc cultural populations, such as segments across countries (Onwezen et al., 2012; Van Herk, Lee, & Soutar, 2012), and regions within countries (e.g., rural vs. urban). The most likely data to be available for such groupings will be economic (income) and sociocultural (level of education); these data will be representative of the specific population and can be obtained from national and international statistical bureaus or the World Bank. Only occasionally will there be psychocultural data, for instance from European Social Survey (ESS) or World Values Survey (WVS); however, these data need not necessarily be representative. There are indications that psychocultural and sociocultural variables show less variation than GDP per capita across regions within countries (van Herk & Poortinga, 2012). This would mean that economic data at the level of subpopulations and psychocultural variables at the national level could be combined to gain better insight.

In studies in consumer science many nations can be included, for all these nations information on internal national culture may not be present. Scores are available for less than 100 countries in the major psychocultural and sociocultural frameworks, whereas there are more than 190 nations worldwide. The pragmatic approach taken in our preliminary study shows that other information may be effective in explaining cross-national variance. This is a positive outcome, as information on external culture (such as GDP per capita or language) tends to be available for most countries. Does internal culture matter? It does, but it is not a Holy Grail. When external culture explains a substantial amount of variance, this should not be ignored.

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Chapter 6
Positive and Negative Sentiments Towards Other Nations

Petra Riefler

Introduction

In today's globalized and multicultural marketplace, consumers around the world with diverse backgrounds live similar lifestyles and consume an array of the same brands. In parallel, many consumers strongly adhere to local traditions, some feel strong patriotism, and increasing numbers of people purchase from regional producers. In this interplay of global, local, and foreign alternatives, brand choice may carry symbolic, cultural, and sometimes even political meaning. Consumers for example boycott products from offending nations to voice their opinion in political, economic, or cultural tensions between countries. In other cases, consumers deliberately choose products from selected countries which they feel positively attached to.

International marketing literature shows how such consumer sentiments towards nations might, partly tremendously, impact consumer behavior beyond aspects such as price, quality, or reliability. Figure 6.1 provides an overview of key sentiments towards (home and foreign) countries. At a basic level, one can categorize country sentiments as (a) negative or positive, and (b) general or country-specific. At the negative end, companies' performance may considerably suffer from political tensions between the home and the host country, as well as from protectionist behaviors by consumers in the host country. At the positive end, companies might enjoy particular popularity within consumer segments harboring positive attitudes towards the importing country or towards foreign products in general. For segmenting international markets and consumers, consumer sentiments towards nations are consequently effective diagnostics (Steenkamp & Ter Hofstede, 2002). Managerial consideration of the valence and strength of extant sentiments towards a brand's country of origin may positively affect the choice of target segments, as well as the design of effective positioning strategies.

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	Negative Foreign Sentiments	Positive Foreign Sentiments
General Sentiments	▪ Consumer Ethnocentrism ▪ Consumer Patriotism ▪ Economic Nationalism ▪ Consumer Disidentification*	▪ Consumer Cosmopolitanism ▪ Consumer Xenocentrism
Country-Specific Sentiments	▪ Consumer Animosity	▪ Consumer Affinity

Fig. 6.1 Taxonomy of consumer sentiments towards countries. Note: *Negative Bias towards Country of Residence

This book chapter will provide an overview of key sentiments listed in Fig. 6.1. It will first discuss negative sentiments, which have a long tradition in the marketing literature, and then continue with positive sentiments, for which most literature is of more recent nature. In particular, the book chapter will describe the conceptual premises of these sentiments, their use in the international marketing and consumer behavior literatures, and their relevance for explaining cognitive, affective, and behavioral consumer tendencies. Finally, for each sentiment the chapter will highlight avenues for further conceptual, methodological, and/or empirical research.

Key areas for future research concern, for example, the recent reconceptualization and re-operationalization of the long established consumer ethnocentrism construct (Sharma, 2015; Shimp & Sharma, 1987; Siamagka & Balabanis, 2015). These recent yet uncoordinated efforts to modify the concept particularly with regard to dimensionality—and consequently measurement scales—require a fresh look at the concept and a critical integration of the two revised approaches. Substantively, extant research primarily assesses the effect of consumer sentiments on intentional variables such as purchase intentions or reluctance to buy. Against this background, more research on behavioral outcome variables (such as real purchases, choice, willingness to pay, among others) is needed to substantiate the relevance of consumer sentiments for consumer behavior.

Overview on Negative Country Sentiments

International marketing literature recognized the relevance of negative country sentiments for the performance of brands in domestic and host markets around 30 years ago. Since then, constructs describing negative country sentiments such as consumer ethnocentrism (Shimp & Sharma, 1987) or economic nationalism (Baughn & Yaprak, 1996) have been conceptually developed, established, and subjected to (partly) intensive empirical investigations. Empirical research documents that negative sentiments towards nations act as sociopsychological barriers to international trade. They constrain and reshape the flow of goods and capital in global and liberalized markets. At the same time, domestic companies tend to benefit from such sentiments thank to a heightened propensity to purchase locally. In the following, this chapter describes four prominent concepts capturing negative sentiments towards nations, namely consumer patriotism, economic nationalism, consumer ethnocentrism, and consumer animosity. Additionally, the chapter will cover the more recently introduced concept of consumer disidentification, which assesses negative sentiments of immigrants towards the country of residence and their effect on consumption behavior.

Consumer Patriotism and Economic Nationalism

The concepts of consumer patriotism and economic nationalism are in some places used as synonyms, while conceptually depicting related but distinct constructs. Against this background, this subsection covers these two concepts jointly aiming to highlight their similarities and particularities.

The impetus for the literature stream on consumer patriotism was the observation that US manufacturers in the 1980s launched patriotic adverts in order to fight off foreign competition (Han, 1988). The focal research question at that time was whether adverts evoking patriotic sentiments would consequently lead to behavioral responses such as buying more domestic goods and forgoing foreign alternatives. Literature describes patriotism as "a healthy national self-concept" (Kosterman & Feshbach, 1989, p. 258) and "love of country" (Adorno, Frenkel-Brunswik, Levinson, & Sanford, 1950, p. 107). It thus captures a positive form of attachment to the home country.

The related concept of economic nationalism describes an individual's readiness to support nationalist economic policy (Baughn & Yaprak, 1996). It reflects an "us first" perspective including "our jobs," "our companies," and "our workers" (Baughn & Yaprak, 1996; Lee, Lee, & Lee, 2014). The attempt to support one's in-group (i.e., the home nation) against a perceived economic threat by the out-group (i.e., foreign countries) takes place at the expense of discriminating people, objects, and products from other nations. Consumers in favor of economic nationalism expect from the government, domestic companies, and institutions to restrict activities of foreign companies in the domestic market. They support activities such as the introduction of trade barriers, restrictions of foreign mergers and takeovers, or public support for campaigns popularizing boycotting foreign products. Although nationalistic tendencies appear to be at odds with today's high level of globalization, growing skepticism of consumers against economic globalization and critical consequences such as economic crises and unemployment indeed nourish nationalistic tendencies (e.g., Balabanis, Diamantopoulos, Mueller, & Melewar, 2001). Economic nationalism, in particular, is driven by individuals' perception of economic threat posed by foreign competition (Baughn & Yaprak, 1996). As such, insecurities about globalization increase loyalty to the nation-state.

Comparing the two concepts of patriotism and economic nationalism, the former describes an emotional attachment towards one's country accompanied by "a readiness to sacrifice for the nation" (Druckman, 1994, p. 47). The latter, by contrast, describes a perception of national superiority and dominance (Kosterman &

Feshbach, 1989) which manifests in “a readiness to sacrifice bolstered by hostility towards others” (Druckman, 1994, p. 47). Empirical studies support the distinctiveness of patriotism and economic nationalism concepts (Baughn & Yaprak, 1996; Kosterman & Feshbach, 1989). In other words, strong positive attitudes towards the home country may or may not be associated with negative attitudes towards other countries (Balabanis et al., 2001). In this context, social norms strongly influence individuals’ level of economic nationalism (Lee et al., 2014). In a nomological network, economic nationalism positively correlates with ethnocentrism, authoritarianism, and conservatism (Eckhardt, 1991). At the other end of the spectrum, economic nationalism negatively correlates with open-minded orientations such as internationalism and cosmopolitanism (see further below in this chapter).

For consumer behavior, both economic nationalism and patriotism show positive effects for domestic product consumption (e.g., Han, 1988; Lee et al., 2014). Han (1988) provided empirical support for advertising strategies in favor of domestic consumption by showing that consumers with high patriotic sentiments were more inclined to purchase domestic products than consumers with low patriotism levels. Overall, nationalistic as well as patriotic sentiments lead to an increased readiness to purchase from domestic companies while forgoing alternatives from abroad (Balabanis et al., 2001).

Despite the fact that the concepts of economic nationalism and consumer patriotism have been introduced more than two decades ago, current knowledge on the substantive relevance of the concepts for international marketing is overall rather limited. The few extant empirical studies largely focus on their relationship to product evaluation and purchase intention for domestic products (Balabanis et al., 2001; Lee et al., 2014). Consequences with regard to consumers’ willingness to pay higher prices for domestic products, brand ownership, or consumer acceptance of global brands remain mainly unexplored. Methodologically, extant findings are exclusively based upon cross-sectional survey data (e.g., Han, 1988; Lee et al., 2014). To further substantiate findings for the relevance of nationalistic and patriotic sentiments for consumer behavior, the field would benefit from quasi-experimental studies using consumers from developed as well as emerging countries. Using matched samples to enhance internal validity (see Reynolds, Simintiras, & Diamantopoulos, 2003), such quasi-experiments might examine the relationship of patriotic/nationalistic feelings to behavioral variables. At a macro level, cross-national research investigating the relevance of country characteristics such as export quote, GDP per capita, or economic growth for the development and relevance of consumer patriotism/nationalism would be of interest to the field.

Consumer Ethnocentrism

Consumer ethnocentrism (see also Table 7.1 in Chap. 7 in this book) is indisputably the most prominent negative sentiment in the international marketing literature. Consumer ethnocentrism reflects “beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign made products" (Shimp & Sharma, 1987, p. 280). Inspired by the sociological concept of ethnocentrism, which describes individuals' favoritism for their national in-group over other nations (Sumner, 1906), Shimp and Sharma (1987) introduced consumer ethnocentrism as an individual-level proclivity to prefer the purchase of domestic rather than foreign products and services. Ethnocentric consumers consider the purchase of foreign products as unpatriotic and harmful to the domestic economy. Delineating consumer ethnocentrism from economic nationalism, the latter describes a broader concept which "encompasses consumer ethnocentrism together with attitudes towards trade protection, restriction of foreign investment, restriction on the immigration of workers, and restrictions of foreign firms and intellectual property" (Balabanis et al., 2001, p. 162). Indeed, the consumer ethnocentrism scale (CETSCALE; Shimp & Sharma, 1987) shares a number of items with Han's (1988) patriotism scale.

Numerous studies document the positive effect of consumer ethnocentrism on perceived quality of domestic products accompanied by a negative relationship to foreign product purchase intentions (for a review, see for example Shankarmahesh, 2006). Although the economic globalization of country markets might erroneously suggest ethnocentric tendencies to vanish in importance, ethnocentric tendencies are present around the globe including highly developed as much as developing countries (e.g., Balabanis & Diamantopoulos, 2004; Nijssen & Douglas, 2011; Vida & Reardon, 2008) and further nourished by recent economic slowdowns and financial crises. Siamagka and Balabanis (2015, p. 66) recently described consumer ethnocentrism to "act as a self-defense reflex of local economies, governments, organizations, and individuals." In this self-defense, governments support "buy local" campaigns while companies emphasize localness in their communication campaigns in order to benefit from ethnocentric tendencies.

In this line, consumer ethnocentrism is particularly powerful to explain consumers' positive bias in favor of domestic products. The extent of negative attitudes towards foreign products varies across ethnocentric individuals (Balabanis & Diamantopoulos, 2004). The effect size of consumer ethnocentrism further varies across product categories. Ethnocentric tendencies are particularly strong for culture-bound products such as food (e.g., Cleveland, Papadopoulos, & Laroche, 2011).[1] In case that domestic products are unavailable in a particular product category, ethnocentric consumers tend to buy products from culturally similar countries, as these countries are perceived as closer to the in-group than other countries (Watson & Wright, 2000). Ethnocentric consumers are typically female and of low social-economic status (Balabanis et al., 2001). Consumer ethnocentrism further positively correlates with patriotism, nationalism, conservatism, and collectivism (e.g., Balabanis et al., 2001; Sharma, Shimp, & Shin, 1995; Shimp & Sharma, 1987). By contrast, particular consumer segments are unlikely to support ethnocentric attitudes. As such, cosmopolitan consumers who are oriented towards the out-

[1] A paper by Gineikiene, Schlegelmilch, and Ruzeviciute (2016) introduces the concept of "healthiness bias," which particularly focuses on consumers' tendency to judge domestic food products to be healthier than imported food.

side and aim to break free from national boundaries tend to score low on ethnocentric tendencies (e.g., Cleveland, Laroche, & Papadopoulos, 2009; Riefler, Diamantopoulos, & Siguaw, 2012).

While empirical evidence for antecedents, mechanisms, and consequences of consumer ethnocentrism is vast spanning numerous countries, industries, and specific settings, contemporary literature has returned to the conceptual premises of the construct. In independent work, Siamagka and Balabanis (2015) and Sharma (2015) have challenged the unidimensional conceptualization of the consumer ethnocentrism construct and proposed redefined definitions and measurement instruments.

Siamagka and Balabanis' (2015) key argument for a reconceptualization is the multifaceted nature of the original consumer ethnocentrism concept, encompassing aspects of moral obligation towards the home country as well as biased perceptions in favor of domestic products and workmanship. Empirically, the authors list numerous studies failing to validate the unidimensional structure of the original conceptualization. Against this background, the authors introduced an extended conceptualization of the consumer ethnocentrism construct, which they redefine as "consumers' tendency to favor domestic over foreign products—that is, as a form of prosocial behavior that can be reflexive or learned and is associated with feelings of insecurity and distorted cognition" (Siamagka & Balabanis, 2015, p. 71). This definition bases upon a multidimensional conceptualization comprising five dimensions, which are (1) prosociality, (2) cognition, (3) insecurity, (4) reflexiveness, and (5) habituation. In line with the original conceptualization, the authors view consumer ethnocentrism as an enduring personality trait which is typically socialized in an early life stage and unconsciously activated in a purchase decision. To operationalize this broadened conceptualization, Siamagka and Balabanis (2015) introduced the Consumer Ethnocentrism Extended Scale (CEESCALE), which is a 17-item scale tested in the United States and the United Kingdom. In comparative studies, the CEESCALE showed (slightly) higher predictive validity for key generic outcome variables (e.g., attitudes towards domestic brands, and intention to purchase domestic brands) in both countries. Within a nomological network, the CEESCALE showed to positively relate to ethical idealism and interpersonal influence. In line with the CETSCALE, it was negatively related to consumer cosmopolitanism. The CEESCALE finally showed to be unrelated to age and gender, while having a negative relationship to education. With regard to gender, this finding diverges from findings of previous studies using the CETSCALE which report that females tend to be more ethnocentric (e.g., Balabanis et al., 2001). For age, extent research using the CETSCALE showed mixed findings of zero-relationships as well as negative relationships (i.e., elderly people tend to be more ethnocentric; for a review, see Shankarmahesh, 2006).

Similar to Siamagka and Balabanis (2015), Sharma (2015) questioned the implied unidimensionality of the original consumer ethnocentrism construct. Additionally, Sharma (2015) criticized a disconnect between the construct's conceptualization and its operationalization due to an overemphasis of socio-normative and economic aspects in the latter. In his view, the majority of items were not suitable to measure an enduring ethnocentric trait at an individual level. Different to

Siamagka and Balabanis (2015), Sharma (2015) proposed consumer ethnocentrism should be conceptualized as an attitudinal construct comprising affective, cognitive, and behavioral aspects. In particular, he proposed a three-dimensional reconceptualization of the consumer ethnocentrism defined as “an overall attitude towards domestic and foreign products and services consisting of affective reaction, cognitive bias and behavioral consequence” (Sharma, 2015, p. 383). To measure this three-dimensional concept, the author introduced the revised CE Scale comprising 15 items which showed metric invariance in empirical studies across four countries (i.e., China, India, the UK, and the USA). In terms of predictive validity, the new scale showed to substantively add to the variance explained for the evaluation and purchase intention of domestic products. With regard to nomological validity, the new scale showed to moderately and positively correlate with the original CETSCALE. In line with the latter, the new scale negatively related to consumer cosmopolitanism as well as internationalism, while positively relating to nationalism and patriotism, among others.

Comparing the two recent attempts to reconceptualize and operationalize the consumer ethnocentrism construct, there is obvious agreement between the authors about the multidimensional nature of the concept which should be manifested in its operationalization. Both reconceptualizations include an evaluative bias in favor of domestic products and services (labelled as “cognition” by Siamagka & Balabanis, 2015 and “cognitive bias” by Sharma, 2015, respectively). Furthermore, both reconceptualizations include a behavioral tendency to prefer domestic over foreign products (labelled as “habituation” by Siamagka & Balabanis, 2015 and “behavioral preference” by Sharma, 2015, respectively). Despite these similarities, the remaining aspects of the two reconceptualizations are substantially different. Sharma (2015) intends to incorporate an affective love for the home country, while dropping the normative aspect of the original CETSCALE. This change is conceptually impactful considering that most of extant literature viewed consumer ethnocentrism to represent a normative belief according to which consumers would have a duty to support domestic companies and consequently the domestic economy (e.g., Zeugner-Roth, Zabkar, & Diamantopoulos, 2015). In the original conceptualization, Shimp and Sharma (1987, p. 280) explicitly stress that “[f]rom the perspective of ethnocentric consumers, purchasing imported products is wrong because, in their minds, it hurts the domestic economy, causes loss of jobs, and is plainly unpatriotic.” Siamagka and Balabanis (2015) keep this normative aspect in their reconceptualization. They also keep original items relating to job insecurity and economic threat, however categorizing them into new dimensions. Sharma (2015) by contrast eliminated these items. In sum, Siamagka and Balabanis (2015) appear to be closer to the original scale while mainly splitting the unidimensional structure into five subdimensions. Sharma (2015), by contrast, considerably changed the core of the concept aiming to capture an enduring personal attitude at a three-component ABC-hierarchy. Empirically, both new measures behave as expected and show potential for improved predictive validity.

Summarizing, after three decades of intense research on consumer ethnocentrism and its effects, the field appeared to be exploited. The revitalized—and competing—views on how to conceptualize and measure consumer ethnocentrism now provides a fresh impetus for new directions of research in this field. While the overall echo in the field is to be judged in some years from now, considering that both reconceptualizations were published in well-reputed journals, it is to be expected that researchers will pick up on this recent development. In order to move the literature stream into a coherent direction, comparative studies including the two new scales would be needed in a first step. Such comparison should relate to the stability of the empirical dimensionality over studies (and countries) as well as to their predictive validity for relevant outcome variables. Given similar scale length, scale parsimony will not be a decisive factor for the better acceptance of any of the two scales. Hence, consistency and applicability across contexts will be relevant factors.

Consumer Animosity

The above described sentiments of patriotism, nationalism, and ethnocentrism share the characteristic of describing general negative stances towards foreign countries and their producers at large. However, there are cases where particular countries face strong negative sentiments by other nations and its consumers. These negative sentiments usually stem from bilateral tensions based upon territory disputes, economic arguments, diplomatic disagreements, or religious conflicts. Such conflicts might be situational and fading over time or be stable over decades and generations (e.g., Leong et al., 2008).

The international marketing literature has investigated the relevance of such antipathy for cross-border business defining consumer animosity as “remnants of antipathy related to previous or ongoing military, political or economic events” (Klein, Ettenson, & Morris, 1998, p. 90). A body of empirical research on consumer animosity unanimously demonstrates that consumer animosity may strongly affect consumer behavior and consequently business performance in particular countries (for a literature overview, see for example Riefler & Diamantopoulos, 2007). Consumer animosity reduces consumers’ willingness to purchase products from the offending country because they either explicitly boycott or intentionally avoid products made by the offending country. This direct effect from animosity to the reluctance to buy foreign products is unconditional to product quality, which is mostly unaffected by animosity feelings (Klein et al., 1998). In other words, consumers experiencing high levels of animosity forgo products in an attempt to hurt the other country without necessarily denigrating the products’ quality.

With regard to the nomological network, consumer animosity is conceptually distinct from consumer ethnocentrism in that these two sentiments result from different motivations (Klein, 2002; Klein & Ettenson, 1999; Klein et al., 1998). As elaborated above, consumers high in consumer animosity deliberately choose not to purchase goods from a specific country or culture because of events such as wars or economic histories. Consumers high in ethnocentrism, by contrast, avoid the purchase of foreign products in general because of believing that foreign products threaten their nation’s livelihood (Shimp & Sharma, 1987).

While consumer animosity has been on research agendas for about 20 years at the time of writing, recent consumer animosity literature has expanded in a number of directions. First, while early studies investigated the influence of consumer animosity at a generic level (i.e., dependent variables referred to all products associated with the offending nation irrespective of product category or brand type), recent studies aim to understand the effects at a category or brand level. For example, studies by Russell and Russell (2010) investigate how brands such as McDonald's or Coca-Cola suffered more severely from consumer animosity towards the United States than other US brands. Second, recent studies aim to better understand the mechanism of consumer animosity effects. In this vein, Harmeling, Magnusson, and Singh (2015) differentiate between cognitive and emotional mechanisms of consumer animosity and examine types of consumer copying strategies. Their study shows that consumers who experience anger feel a desire to retaliate against the offending country by not only avoiding its products but also spreading negative word-of-mouth. By contrast, consumers who feel more worried than angry tend to denigrate their product quality perceptions while similarly avoiding consumption. Third, international business literature has gained interest in the role of consumer animosity for global value chains. For example, Funk, Arthurs, Treviño, and Joireman (2010) show how the relocation of product facilities to an animosity country may lead to a diminishing willingness of consumers to purchase a global brand. Fourth, in a related direction, global branding literature has translated the concept of country-specific animosity into a generic concept towards global players. As such, it shows how consumers may harbor animosity towards brands due to the mere fact that they portray a global image (Alden, Kelley, Riefler, Lee, & Soutar, 2013). Finally, sponsorship literature demonstrates how economic animosity towards a country negatively affects sponsor effectiveness in global events such as The Olympic Games (Meng-Lewis, Thwaites, & Gopalakrishna Pillai, 2013).

In sum, the literature stream of consumer animosity has gained considerable attention and is well established. Bilateral tensions around the globe and their potentially disastrous implications for cross-national business explain this heightened interest in the concept. Theoretically, the field has progressed by incorporating psychology literature and investigating mediating and moderating variables (e.g., Harmeling et al., 2015). Methodologically, the field has progressed over time incorporating experimental studies and advanced measurement models (i.e., multidimensional models and formative measurement specifications; e.g., Riefler & Diamantopoulos, 2007). Future work might follow these directions aiming to further substantiate current knowledge on causes, moderators, and consequences of national tensions at an individual consumption level.

Consumer Disidentification

The final negative sentiment covered in this chapter is that of consumer disidentification. This concept is different from all other negative sentiments listed in Fig. 6.1 in that it captures negative sentiments towards the host nation rather than foreign nations.

The concept of consumer disidentification bases upon concepts of national disidentification from the sociology, social-psychology, and political literatures. These literature streams show that members of national subgroups tend to struggle whether and how to combine their subgroup identity with their national identity (e.g., Transue, 2007). Such subgroups might be defined by political, religious, ethnic, demographic, or socio-psychographic attitudes, among others. As such, members of (in many cases minority) subgroups in a society might experience psychological distress of harmonizing clashing identities of the subgroup and main group. To resolve identity issues, individuals might take numerous routes, reaching from the adoption of the dominant identity to a general rejection of the dominant identity. The rejection of a dominant identity, which can be labelled as disidentification, may as a consequence result in behavioral reactions including passive responses (disapproval) and active responses (rebellion).

The marketing literature has recently adopted this idea of disidentification in a foreign versus domestic consumption context. The concept of consumer disidentification (Josiassen, 2011) describes a disidentification of first- or second-generation immigrant consumer segments from the country of residence and its implications for consumption behavior. In particular, it captures a "consumer's active rejection of and distancing from the perceived typical domestic consumer" (Josiassen, 2011, p. 125). These consumers feel dissimilar to the majority in the national society. This experienced dissimilarity promotes repulsion of typical lifestyles which include consumption habits.

Josiassen's (2011) study of second-generation immigrants in the Netherlands showed that the rejection of national group membership is accompanied by negative biases towards local products. Consumer disidentifying with typical Dutch consumers judged Dutch products less favorably, were less willing to buy Dutch products than other consumers, and owned fewer local brands in the consumer electronics category than others. With regard to antecedents, the study further showed that consumer disidentification is driven by ethnic identification while mitigated by consumers' level of acculturation to the country of residence.

Given the recent introduction of the consumer disidentification concept to the international marketing literature, extant research is in its infancy. Noteworthy follow-up studies aiming to substantiate findings are yet missing. While Josiassen's (2011) work was a relevant first step to open up a new stream of research, numerous directions for additional research appear important and fruitful. First, to advance external validity, replication studies in other countries than the Netherlands would be useful. Second, product evaluation and willingness to buy were both measured at a generic level. To substantiate findings, research at a brand level would be useful. As for other sentiments, one interesting research question is whether and to what extent consumers are willing to forgo well-reputed, strong brands in order to act in accordance with their principles. Relatedly, extant findings for product ownership are measured at a category level and focus on consumer electronics only. This is a product category where strong global brands dominate most markets so that the investigation of potential effects of consumer disidentification for these brands would be managerially relevant. Third, conceptually Josiassen (2011) focuses on subgroups in the form of immigrants. Considering the broad nature of disidentification including political, demographic, and other identity-relevant characteristics, research applying the concept for subgroups other than immigrants appears fruitful. In this context, it appears plausible that members of the national ethnicity (i.e., consumers without a migration background) may similarly disidentify from their home country for other reasons which are consequently relevant to consumption decisions. In sum, these and other directions of research offer room for potential further research.

Overview on Positive Sentiments

The accelerating economic globalization evokes protectionist attitudes as described above among some consumer groups, whereas other consumer groups show to appreciate and positively embrace globalization and international cooperation. In recent years, international marketing literature has propagated attention for the relevance of these positive dispositions for consumers' perception and consumption of domestic, foreign, and global brands. For this purpose, literature has introduced a number of concepts to capture such positive consumer orientations towards the outside. However, these concepts were developed in a largely unconsolidated manner which has resulted in plethora of frequently overlapping concepts, numerous measurement instruments, and a range of fragmented substantive findings regarding the influence of positive consumer dispositions on consumer behavior (for a review on positive consumer dispositions, see Bartsch, Riefler, & Diamantopoulos, 2016).[2] Against this background, the body of established knowledge for positive consumer sentiments in the international marketing literature is not as developed as knowledge for negative consumer sentiments.

A recent taxonomy (see Bartsch et al., 2016) conceptually delineates 19 positive consumer dispositions differentiating them with regard to (a) frame of reference (global versus country-specific) and (b) scope (general versus consumption-specific). In the following, this chapter will focus on selected positive consumer dispositions with a country-specific frame, namely consumer cosmopolitanism, consumer xenocentrism, and consumer affinity. Concepts depicting a global reference frame (such as Global Identity (Zhang & Khare, 2009), Global Citizenship (Strizhakova, Coulter, & Price, 2008), or Global Consumption Orientation (Alden, Steenkamp, & Batra, 2006)) are beyond the focus to this book chapter; interested readers are referred to Bartsch et al. (2016) for a detailed review.

[2] This chapter uses the term "consumer sentiments" as synonym for "consumer disposition" as used in Bartsch et al. (2016).

Consumer Cosmopolitanism

People today travel more than they have ever before, they work and live abroad, follow global media, connect with each other in virtual networks, and have information from all over the world available in their homes. These new boundaries allow consumers to live cosmopolitan lifestyles and follow global trends.

Against this background, consumer cosmopolitanism is one of the most prominent concepts in the recent international marketing literature. Cosmopolitanism originates from the Greek words cosmos [=world] and politis [=citizen], and describes a world citizenship. Sociology literature has used the concept to describe people's tendency to orient themselves beyond the boundaries of the local community (Merton, 1957). International marketing literature recognized the potential relevance of such individual orientation towards the outside for consumption decisions. For this purpose, the concept of cosmopolitanism has been transferred into a consumption context labelled as consumer cosmopolitanism. Different authors have conceptualized consumer cosmopolitanism at different levels of abstraction and breath. In a narrow conceptualization, consumer cosmopolitanism describes an individual's openness towards other cultures (Cleveland & Laroche, 2007). In a broader conceptualization, consumer cosmopolitanism depicts open-mindedness accompanied by an individual's appreciation of diversity offered by foreign products as well as an inclination to deliberately consume these products (Riefler et al., 2012).

Consumer cosmopolitanism has gained particular attention as a potential cross-national segmentation base. Cosmopolitan consumers are culturally affluent, mainly young, and well-educated people (Riefler, 2012). These consumers travel, live, or work in an international environment, and are knowledgeable about international trends and standards. As a consequence, international trends affect their lifestyles and consumption choices. On the one hand, these consumers tend to apply a worldwide reference frame for decision-making (Grinstein & Wathieu, 2012). On the other, cosmopolitan consumers use foreign products as a vehicle to enact a cosmopolitan identity and to satisfy their appetite for diversity (e.g., Holt, 1997; Riefler et al., 2012).

The efforts to conceptualize and operationalize consumer cosmopolitanism over recent years have induced an emerging body of empirical research incorporating the concept. These studies demonstrate a positive relationship between consumer cosmopolitanism and purchase intentions for foreign products as well as product ownership (e.g., Cleveland et al., 2009; Riefler et al., 2012). A number of cross-cultural studies illustrate the explanatory power of this concept for positive attitudes towards *foreign* products in certain consumer groups around the globe, including developed and developing countries (e.g., Jin et al., 2015). Cosmopolitan consumers tend to try out foreign, unknown, often local- and culture-bound products for the sake of experience. By contrast, *global* players such as Nike or Lenovo are too omnipresent to be able to nourish this taste for the unknown by cosmopolitans. Consequently, global brands are subject to an unbiased product evaluation process comparing various alternatives in the market. Finally, with regard to *domestic* products, recent literature suggests cosmopolitan consumers include rather than abandon local alternatives despite their outside orientation. The underlying rationale is that cosmopolitan consumers tend to have multiple loyalties also establishing local ties (see Zeugner-Roth et al., 2015). For this reason, they consider local products as one of many alternatives which are contrasted on objective evaluation criteria. Empirically, studies from Taiwan and Korea support this argument finding no relationship between consumer cosmopolitanism and willingness to buy domestic products (Lee et al., 2014). In other words, cosmopolitan consumers were shown to be neither positively nor negatively biased towards domestic brands. Similar results were reported from Austria and Slovenia (Zeugner-Roth et al., 2015). The latter study also provided an unexpected positive (modest) relationship from consumer cosmopolitanism to domestic product judgment. The authors interpreted this result as a sign of cosmopolitan consumers to objectively evaluate domestic products as being of good quality. To substantiate this indicative finding, additional studies in other contexts are required. For example, in countries suffering from poor product country images cosmopolitan consumers engaging in an objective quality assessment should consequently evaluate domestic products less favorable than other consumers.

Consumer cosmopolitanism has been investigated not only as an explanatory variable for consumers' foreign consumption behavior but also to show its moderating effect in diverse consumption contexts. For example, highly cosmopolitan consumers have been revealed as a primary target group for environmentally friendly products (Grinstein & Riefler, 2015). The degree of cosmopolitan orientation further shows to positively moderate the effect of perceived brand globalness on consumers' willingness to pay (Davvetas, Sichtmann, & Diamantopoulos, 2015). Sponsorship literature has adopted the concept of consumer cosmopolitanism to explain the effectiveness of sponsorship for foreign brands in local markets (Lee & Mazodier, 2015). Overall, cosmopolitan consumers show more positive globalization attitudes and are less likely to engage in protectionist behaviors. Consumer cosmopolitanism research constantly shows a strong negative relationship to concepts such as consumer ethnocentrism (Cleveland et al., 2009; Riefler et al., 2012) and is unrelated to economic nationalism (Lee et al., 2014).

In sum, consumer cosmopolitanism is one of the consumer dispositions that has received considerable attention in the international marketing literature lately. After using the term loosely in mainly qualitative research in the early 2000, the construct has gone through a phase of conceptualization and operationalization yielding the path for substantive research. At the moment, the literature offers a number of studies documenting its relationship to product evaluation, intention to purchase, as well as product ownership (for a detailed review, see Bartsch et al., 2016, Appendix F). Future research should focus on substantiating these findings and revealing contextual factors (such as relative product price or economic situation in a country, among others) on which the effect of consumer cosmopolitanism for consumer behavior might be contingent.

Consumer Xenocentrism

Some consumer segments show a consistent tendency to favor foreign products believing that these products offer better quality than domestic alternatives. These consumers conspicuously opt for foreign brands across diverse product categories. Interestingly, not only consumers from developing or emerging countries might favor foreign goods (i.e., from more developed and strong countries) but also consumers from highly developed countries might be attracted from mere foreignness (Mueller, Wang, Liu, & Cui, 2016).

The concept of xenocentrism, in a sociological context, describes a favoritism towards out-groups accompanied by a denigration of the own group (Kent & Burnight, 1951). This favoritism and denigration might frequently relate to political, economic, religious, and familial institutions. Seeking affiliation with the out-group, xenocentric individuals aim to enhance self-esteem and status. In a consumer context, the concept of consumer xenocentrism describes this phenomenon of outside favoritism in reference to products and services. Drawing from system justification theory (Jost & Banaji, 1994), Balabanis and Diamantopoulos (2016, p. 10) define consumer xenocentrism as “a consumer’s internalized belief of the inferiority of domestic products and a corresponding propensity to prefer foreign products for social aggrandizement purposes.” The authors conceptualize consumer xenocentrism as a two-dimensional concept comprising dimensions of perceived inferiority and social aggrandizement. The former describes “a tendency to denigrate, undervalue and fail to appreciate domestic products and brands” (p. 10). This tendency is described as a consequence of self-devaluation caused by exemplary reasons such as historic colonialization of the home country and socialization within the family. The latter dimension captures “the emphasis placed on the symbolic value of foreign products as a way of enhancing perceived social status” (p. 12). For xenocentric consumers, domestic products hence resemble inferior quality compared to foreign products. For these consumers, consuming the latter is a vehicle to foster the personal status. Mueller et al. (2016) argue consumer xenocentrism might explain foreign favoritism in cases where domestic products are qualitatively and/or functionally similar or even better. This perspective reflects Kent and Burnight’s (1951) description of implied biased perceptions of in- and out-group objects.

In consumption decisions, empirical studies show xenocentric consumers to be less willing to purchase domestic products compared to non-xenocentric consumers, irrespective of the product category (Balabanis & Diamantopoulos, 2016). Further, xenocentric consumers show a higher propensity to purchase from countries they perceive as producing better goods than the home country. This pattern remains when controlling for country images.

Profiling xenocentric consumers shows these consumers tend to be materialistic, vain, and susceptible to interpersonal influence (Balabanis & Diamantopoulos, 2016). For highly ethnocentric consumers products from foreign country are thus objects of contempt. Balabanis and Diamantopoulos’ (2016) study shows consumer xenocentrism and consumer ethnocentrism (Shimp & Sharma, 1987) to be conceptually and empirically nonpolar. Consequently, consumers scoring low on consumer ethnocentrism are not automatically xenocentric consumers.

In a managerial context, for foreign companies sizeable xenocentric segments might represent attractive niche segments. For these segments, the foreignness of brands should be emphasized in market communication as it is a decision-relevant attribute. For domestic companies, the frequently observed strategy of emphasizing a company's domestic origin might prove counterproductive in markets with large xenocentric consumer segments. The same applies to "buy national" campaigns launched by domestic institutions. To reach xenocentric segments, status-enhancing attributes are more relevant than mere localness. This aspect should be considered in the market communication of domestic brands. Alternatively, Balabanis and Diamantopoulos (2016) propose foreign branding to be a potential strategy for targeting xenocentric consumers. In this vein, foreign-sounding brand names and symbolic associations with foreignness should disguise a company's domestic origin.

In light of the concept's recent introduction to the literature, research on consumer xenocentrism is at the time of writing limited to a few studies. The 10-item C-XENScale (Balabanis & Diamantopoulos, 2016) has been developed which shows favorable psychometric properties across Greek consumer samples. Its cross-national applicability including both developed and emerging markets is yet to be tested thus providing an avenue for future research. Similarly, antecedents of consumer xenocentrism are to be investigated. With regard to consequences, empirical research on (foreign versus domestic) product judgment, willingness to pay premium prices for foreign products, and other outcome variables is required. Finally, extant empirical findings base upon cross-sectional data. Future studies using experimental designs in a single country setting would be appreciable to examine causal effects of consumer xenocentrism on the above outcome variables. Longitudinal studies represent another fruitful direction of research aiming to understand the relevance of xenocentric sentiments during and after an economic crisis as, for example, experienced by the Greek market in the 2010 years.

Consumer Affinity

As much as people may harbor negative feelings of animosity towards particular countries as described earlier, as much they might harbor positive sentiments towards particular nations. For example, Francophiles living around the globe love French cuisine, culture, and lifestyles (Nes, Yelkur, & Silkoset, 2014). Such sympathies are often developed in early life stages and endure over a lifetime (Druckman, 1994). Might they be based upon idiosyncrasies, such as family roots, international friendship, or travel memories, or be a national phenomenon thank to a history of friendly bilateral cooperation or shared cultural heritage.

Sociologists use the term affinity for describing individuals' strive for relationship building with another based on the latter's attributes (e.g., Hartz, Watson, & Noyes, 2005). Transferring this concept into an international consumption context, consumer affinity describes "[a] feeling of liking, sympathy, and even attachment towards a specific foreign country that has become an in-group as a result of the consumer's direct personal experience and/or normative exposure and that positively affects the consumer's decision-making associated with products and services originating from the affinity country" (Oberecker, Riefler, & Diamantopoulos, 2008, p. 26). Prominent antecedents of consumer affinity are individual experience with a country in the past (such as foreign sojourns) as well as liking the culture and lifestyle of a country. The latter may evoke positive emotional attachment even without any personal experience.

The concept of consumer affinity differs from the above constructs depicting a positive out-group perspective due to (a) its focus towards a specific foreign country (rather than foreign countries in general) and (b) its agnosticism with regard to the consumer's attitude towards the home country. As such, consumer affinity might complement positive attitudes towards the home country and/or other countries as well as it might coexist to negative attitudes towards the home country and/or particular other countries.

Oberecker and Diamantopoulos (2011) conceptualize consumer affinity as an emotional construct comprising two dimensions of sympathy and attachment, which both depict positive affect with different levels of intensity.[3] To measure consumer affinity, Oberecker and Diamantopoulos (2011) introduced a 7-item Consumer Affinity Scale reflecting these two dimensions. As an alternative measure, Nes et al. (2014) propose a 19-item scale reflecting liking of particular country features (such as culture, music, or politics). Empirical results indicate that consumers with strong affinities show higher inclination to visit the focal country and purchase its products. Conceptually these findings demonstrate that consuming goods and services is a route to intensify one's favorable relationship towards a country. This symbolic value of affinity reflects also in higher willingness to pay levels. Consumer affinity further mitigates consumers' purchase risk perceptions, which consequently leads to a higher propensity for financial investment in the focal country (Bernard & Zarrouk-Karoui, 2014; Oberecker & Diamantopoulos, 2011).

In a managerial context, the concept of consumer affinity appears a fruitful base for segmenting country markets and consumer groups within markets. The emotional value attached to products and services may be leveraged into higher sales, visits, and investment when wisely integrated into communication and positioning efforts.

Summarizing, the consumer affinity construct complements international marketing literature by adding a positive form of sentiments for particular countries to the body of consumer animosity literature. The concept is rather young, alternative

[3] Nes et al. (2014), by contrast, conceptualize consumer affinity as a five-dimensional concept comprising facets of cognitive appraisal for cultural, political, and topographic aspects of a target country.

conceptualizations and scales are proposed, and a coherent and more holistic picture of marketing-relevant consequences is yet to be developed.

Conclusion and Directions for Future Research

This chapter has described some of the most prominent consumer sentiments towards other countries and their relevance for international consumer behavior. International marketing literature has aimed to understand the impact of sociopsychological barriers for international trade and brand performance. In this vein, it has adopted and contextualized a number of concepts capturing negative sentiments towards foreign countries in general or foreign countries in particular. Literature on the relevance of positive sentiments for consumer behavior has gained increased attention in recent years. For this purpose, new concepts have been introduced and existing concepts have been reconceptualized and operationalized in order to enable empirical research.

This chapter has further shown that the state of knowledge is diverse across consumer sentiments. For some consumer sentiments (such as consumer ethnocentrism and consumer animosity), literature provides a large body of empirical investigation spanning antecedent, moderating, mediating, and outcome variables. Other consumer sentiments (such as consumer disidentification and consumer xenocentrism) are relatively young and research is scant. A recent literature review of positive consumer sentiments towards foreign countries and globalization (Bartsch et al., 2016) provides a detailed overview on the current state of literature.

The future directions of this field of research point to numerous directions. First, while many of the above cited studies included single consumer sentiments to investigate their particular impact, literature now begins to investigate the relative relevance of positive and negative sentiments which might coexist at an individual level. For example, Shoham, Gavish, and Rose's (2016) model integrates negative and positive sentiments at a general level (i.e., consumer ethnocentrism and consumer cosmopolitanism, respectively) as well as a country-specific level (i.e., consumer animosity and consumer affinity, respectively) in order to examine the constructs' relative influence on product judgment and ownership. Such studies are welcome as they move the field into a more integrated picture.

Second, methodologically, the majority of studies in this field base upon cross-sectional data so that causal effects remain largely untested. A positive exception is the consumer animosity literature, which has increasingly engaged in quasi-experimental studies (e.g., Funk et al., 2010). Experimental studies would help to better understand whether, when, and how strongly consumer sentiments affect behavior. In cross-national contexts, such studies are however of complex nature (e.g., Berry, 2011) requiring thorough sampling techniques (Reynolds et al., 2003) as well as cross-national invariant measurement scales (Steenkamp & Baumgartner, 1998).

Third, consumer ethnocentrism has experienced a wave of attempts to refine its conceptual definition, dimensionality, and measurement instrument (Sharma, 2015; Siamagka & Balabanis, 2015). This development is likely to give an impetus for new research in this field.

Finally, a newly emerging literature stream is that of consumer regionalism. Literature has dealt extensively with the topic of consumer attitudes towards globalization starting from the 1980s (Levitt, 1983) on the one hand, and the meaning of domestic versus foreign consumption on the other. Lately, consumer markets show to rediscover products originating from their immediate local area. As such, the concept and relevance of consumer localism and consumer regionalism are promising and relevant areas of future research (e.g., Lee, Cheah, Phau, Teah, & Elenein, 2016).

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Chapter 7
Country-of-Origin Effects

Katharina Petra Zeugner-Roth

Introduction

Literature on national stereotypes as well as the perception of nations can be traced to the 1930s (e.g. Child & Doob, 1943; Katz & Braly, 1933; Klingberg, 1941) but only as from the early 1960s the concept of country-of-origin (COO) has gained the attention of marketing scholars. Dichter (1962) is the first to argue that the place a product is produced or "made in" can have a significant effect on its acceptance and success in the market. Schooler (1965) is generally acknowledged to be the first researcher to empirically study this effect. He showed that products that are identical in every respect except for their COO are rated differently by consumers. Since then, numerous studies have appeared on COO. Usunier (2006) counted more than 1000 publications on this topic with at least 400 of them being published in academic (peer-reviewed) journals. Indeed, COO is so important that three Special Issues on that topic appeared in the *International Marketing Review* alone (2008, Vol. 25 No. 4 and 2011, Vol. 28 No. 5, and 2017, Vol. 34, No. 2), with other journals following. At the same time, COO is not an undisputed stream of research. A number of authors argue that researchers like to publish there out of convenience rather than relevance (e.g. Samiee, 2010; Usunier, 2006). The purpose of this chapter is to give a state-of-the art review of the literature, to discuss the basic conceptual underpinnings of COO research, but also to summarize the major points of criticism as well as future areas of research.

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Conceptual Underpinnings

What Are Country-of-Origin (COO) Effects?

From an information theoretic perspective, products and brands are conceived to consist of an array of cues, both *intrinsic* (e.g. taste, color, design, packaging, fit) and *extrinsic* (e.g. price, brand name, and COO). Each cue provides a basis for evaluating products (Olson & Jacoby, 1972). Apart from price, one extrinsic cue that has received considerable attention especially in the international marketing literature is a product's COO. There is an impressive stream of research that demonstrates that COO (alone as well as along with other extrinsic or intrinsic cues) impacts consumers' product quality evaluations, risk perceptions, buying intentions, as well as willingness to pay (for comprehensive reviews, see, for example, Baughn & Yaprak, 1993; Bilkey & Nes, 1982; Jaffe & Nebenzahl, 2006; Nebenzahl, Jaffe, & Lampert, 1997; Papadopoulos & Heslop, 2003; Peterson & Jolibert, 1995; Pharr, 2005; Samiee, 1994; Verlegh & Steenkamp, 1999; Wilcox, 2015). The effect was found for products in general (e.g. Heslop, Papadopoulos, Dowdles, Wall, & Compeau, 2004; Laroche, Papadopoulos, Heslop, & Mourali, 2005), classes of products (e.g. Ittersum, Candel, & Meulenberg, 2003; Nagashima, 1970), specific types or brands of products (e.g. Häubl, 1996; Parameswaran & Pisharodi, 1994), consumer and industrial products (e.g. Bradley, 2001; Heslop & Papadopoulos, 1993) as well as services (e.g. Javalgi, Cutler, & Winans, 2001). While earlier studies on the COO effect focused on COO as the only informational cue present (so-called single cue studies) (Bilkey & Nes, 1982), the COO effect has also been replicated employing several other extrinsic and intrinsic cues (so-called multi-cue studies), but with smaller effect sizes (Verlegh & Steenkamp, 1999). COO is an important informational cue that is of interest not only for businesses that need to enhance their competitiveness abroad, but also for public policy makers with similar concerns but at the national or industry level.

COO originally referred to the *made-in country* or the country-of-manufacture. However, due to increasing globalization, manufacturers have spread their activities over a number of markets, giving rise to multinational production. Indeed, nowadays it is not unusual to assume that a product is designed/branded in one country and assembled/manufactured in another. Chao (1993) refers to this as *hybrid (vs. non-hybrid) products.* Numerous studies have evaluated the impact of different origins of hybrid products on product evaluations and purchase intentions using various methods ranging from ANOVAs to structural equation models and conjoint design (e.g. Ahmed & d'Astous, 1993; Insch & McBride, 2004; Johansson & Nebenzahl, 1986; Lee & Bae, 1999; Srinivasan, Jain, & Sikand, 2004; Thakor & Lavack, 2003). The results of these studies vary a lot depending on the product categories employed, the countries chosen (e.g. Western vs. Eastern), the number of other cues present in the analysis (e.g. price, warranty), as well as whether these cues are consistent or inconsistent (c.f. Miyazaki, Grewal, & Goodstein, 2005).

COO research has therefore gradually moved away from the study of hybrid products, arguing that consumers do not evaluate or do not know all the origins of hybrid products (Samiee, Shimp, & Sharma, 2005), and that the true country-of-origin of a product is the country a consumer associates a product with independent of where it is produced or assembled (Magnusson, Westjohn, & Zdravkovic, 2011a; Nebenzahl et al., 1997; Usunier, 2006). For example, although IKEA products are typically produced in less developed countries such as Bangladesh, China, or the Philippines, they are nevertheless associated with Swedish quality, which is also leveraged by IKEA in their advertising campaigns. Some manufacturers also actively manipulate this information by hiding their true origin and associating their product with a favourable origin through a foreign or foreign-sounding name. This strategy is known as *foreign branding* (Leclerc, Schmitt, & Dubé, 1994) and is a common strategy in international marketing. For example, many cosmetics and fashion brands use French- or Italian-styled names independent of their true origin (e.g. Montblanc originating from Germany, Giorgio di St. Angelo originating from the USA), or Scandinavian names to sound more exotic (e.g. Häagen-Dazs ice cream originating from New York).

Country-of-Origin Image (COI)

While the majority of studies has focused on COO *effects*, or the *impact* the name of a country has on product evaluations and purchase intentions (Lampert & Jaffe, 1998), in conceptual terms, the focus of COO research has gradually shifted to the question *why* this is the case (Roth & Diamantopoulos, 2009). For example, instead of asking why a German product origin is considered as a better origin than, say, a Romanian one, researchers increasingly focus on factors based on which those two countries could be compared, such as the technological superiority or economic strength of a particular country (Martin & Eroglu, 1993). Hence, more and more COO studies explicitly measure the *image* of a country as product origin, that is, the so-called country-of-origin image (COI).

Based on a review of all studies measuring COI in the past 40 years, Roth and Diamantopoulos (2009) conclude that COI can be best defined as consumers' *attitudes* toward a country. This is in line with other image-related research, such as brand image (Bird, Channon, & Ehrenberg, 1970; Gensch, 1978), and best captures the conceptual domain of the construct. Second, COI can be conceptualized at three different levels (e.g. Hsieh, Pan, & Setiono, 2004)—the country level (e.g. the image of Germany), the level of all products of a country (e.g. the image of German products), as well as the level of specific products of a country (e.g. the image of German cars). While most studies focus on COI at a general or specific product level, only few focus on the image of the countries under consideration. While this is not wrong as such, this approach has important limitations. First, a country can be good in the production of certain products, but not good in others (Roth & Romeo, 1992). Thus, the image of a country for the production of a certain product category cannot be generalized to the country overall (Papadopoulos, Heslop, Szamosi, Ettenson, & Mort, 1997). Second, COI should not be limited to the sense of "products" as tangible goods. It "incorporates, among others, services, tourism, FDI, and even the need to attract a qualified workforce to particular countries or places within them" (Papadopoulos & Heslop, 2003, p. 424). Thus, country image certainly is a much broader and generalizable construct than the one of general or specific products of a country. Papadopoulos (1993) suggests "Product-Country-Image" as a more appropriate term for capturing the latter, while country image refers to the image of a country independent of the production of products (i.e. it includes also product-independent factors such as weather, climate, and geographical landscape).

Regarding the operationalization of COI, Roth and Diamantopoulos (2009) propose to follow attitude theory (Ajzen, 2001) and to measure it based on two components, one of them being *cognitive* (i.e. beliefs a consumer has about a country like its economic development or political stability) and one of them being *affective* (i.e. emotions related to a country, like arousing or distressing). However, while, already in its origins, image theory has assumed that national images have both a cognitive and an affective structure (e.g. Boulding, 1956, 1959), most extant conceptualizations and operationalizations of COI rather neglect the latter (Roth & Diamantopoulos, 2009). This is also in sharp contrast to a related research stream, the destination image literature, that focuses on the cognitive as well as affective component of (destination) images (Hosany, Ekinci, & Uysal, 2006). Finally, some authors also suggest to add a *symbolic* component, for example, by studying purchase and usage situations of users of products from a specific country (Nebenzahl, Jaffe, & Usunier, 2003), or by analysing a country's personality (d'Astous & Boujbel, 2007). Zeugner-Roth and Zabkar (2015) study the impact of all three facets of COI on product evaluations and buying intentions and find that the affective and symbolic component of COI have a greater impact than the cognitive component alone. Table 7.1 provides an overview of all three facets of COI as well as examples for scales measuring this component.

Finally, some researches also add a *normative* component (Obermiller & Spangenberg, 1989), which refers to consumers' "social and personal norms related to country of origin" (Verlegh & Steenkamp, 1999, p. 524). For example, a consumer might consider the purchase of domestic products the "right way of conduct", because foreign products might harm the domestic economy or put local people out of jobs, as implied by the consumer ethnocentrism construct (Shimp & Sharma, 1987). However, such normative dispositions are independent of the image (s)he might have of a country. As Herche (1992) points out, a consumer might believe that a country is industrious and has a good quality of products, but still decide not to buy products from this due to the moral reasons described above. Several authors therefore call for disentangling a country's image from such normative predispositions (Josiassen, 2011; Verlegh & Steenkamp, 1999), although the two might well interact in consumer decision-making (for an overview, c.f. Chapter 6 (this volume) of Riefler, 2017 and Bartsch, Riefler, & Diamantopoulos, 2015 on positive dispositions about a country). Table 7.1 summarizes the three facets of COI in the literature as well as gives examples for (normative) consumer dispositions.

Table 7.1 A classification of COO effects

Process	Description	Example/scales
Cognitive COI	Cognitive beliefs a consumer holds about a country	Martin and Eroglu (1993); Papadopoulos, Heslop, and IKON Research Group (2000); Pappu, Quester, and Cooksey (2007); Parameswaran and Pisharodi (1994)
Affective COI	Feelings a consumer has for a country	Brijs (2006); Maher and Carter (2011); Zeugner-Roth and Zabkar (2015)
Symbolic COI	Profiles of people buying products from a certain country	Nebenzahl et al. (2003)
	Country personality	d'Astous and Boujbel (2007)
Normative/other	Consumer dispositions related to personal or social norms they hold with respect to a particular country of origin	*Consumer ethnocentrism* (Shimp & Sharma, 1987)
		National identity (Verlegh, 2007)
		Consumer animosity (Klein et al., 1998)
		Consumer affinity (Oberecker & Diamantopoulos, 2011)

Halo Versus Summary Construct Model

Regarding the question how COI affects consumer behaviour, in his seminal paper, Han (1989) developed two models that describe the direct and indirect effects of COI on product evaluations and purchase intentions, the halo and the summary construct model. The *halo model* assumes that consumers do not know a lot about the product (category) at hand. Because of consumers' inability to detect the true quality of the product, they may return to cognitive beliefs about a country to infer the true quality of products. This view is analogous to research on pricing that shows that consumers are more likely to use price in product evaluation when product information is lacking. The model assumes that consumers make inferences about product quality from country image which indirectly affects their product evaluations through those beliefs (see the first model in Fig. 7.1). The *summary construct model*, on the other hand, maintains the view that consumers possessing a high knowledge about a product (category) may abstract this information into country image. The model assumes that brands with identical COO have very similar product attributes. For example, German cars share a common industry standard with respect to engineering and design that is different to the one of other nations, such as, say, Japan or South Korea. This highly abstract information summarized in country image (e.g. the German industry standard) then directly affects their product evaluations instead of indirectly affecting it via their product beliefs as implied by the halo hypothesis (see the second model in Fig. 7.1).

Although both models about the cognitive processing of COI information are well known in the literature, they have important shortcomings. Notably, the focus on COI as the only informational cue present and the lack of potential interactions

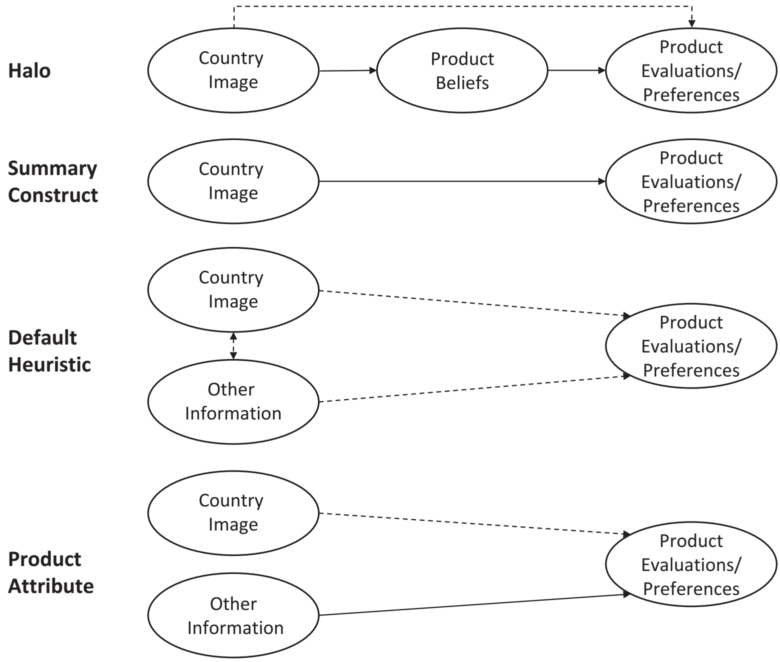

Fig. 7.1 Cognitive processing of COI (based on Han, 1989 and Bloemer et al., 2009). Note: *Full arrows* stand for substantial impact, *dotted lines* for weak impact

(Hong & Wyer, 1989; Li & Wyer, 1994). In an attempt to develop these models further and based on newer models of information processing such as the elaboration likelihood model (Petty & Cacioppo, 1986), Bloemer, Brijs, and Kasper (2009) extend Han's (1989) framework by taking into account the situational context (COI the only cue present or not), the structure of the underlying process (COI having a direct or indirect effect on product evaluations), and the strength of the impact on product evaluations (substantial, moderate, weak or marginal). The *halo effect* then refers to a process where additional information is disregarded or missing and where the impact of COI on product evaluations is indirect and rather weak. In the *summary construct model*, on the other hand, additional product information is not taken into account because it is already summarized by COI. The latter in turn is expected to have a direct and significant impact on product evaluations. Contrary to the previous effects, in the *default heuristic effect*, COI is processed simultaneously with other product information. As a result, COI not only exerts a direct effect on product evaluations, there is also a reciprocal interaction between COI and additional information about the product (see the third model in Fig. 7.1). The impact of COI on product evaluation is only moderate. Finally, in the *product attribute effect*, COI is processed together with other product information, but there is a time delay between the processing of the latter and the exposure to COI information. Consequently, the two are not processed together, and, hence, there is no interaction (see the fourth model in Fig. 7.1). COI only has a small if not negligible effect.

Product Ethnicity

Certain product categories may be linked to specific countries because of their location, climate, natural resources, or traditional manufacturing know-how (Usunier & Cestre, 2007). Countries may also become associated with specific products because they are known as the place of invention or development (e.g. Germany and cars), the place of transformation and use (e.g. England and tea), or the home to a brand that is prototypical for the category (e.g. Sweden and furniture). In such a case, certain countries receive significantly higher product evaluations in a specific category than others (e.g. Tseng & Balabanis, 2011). Called "product-country matches" by Roth and Romeo (1992) or "product ethnicity" by Usunier and Cestre (2007), this concept has been formally defined in the literature as "the stereotypical association of a generic product with a particular country-of-origin" (Usunier & Cestre, 2007, p. 36).

Categorization theory provides the theoretical background for this process. According to this theory, individuals are often overwhelmed by the endless number of surrounding stimuli in their daily environment. To efficiently cope with this information overload, they simplify the processing of these stimuli by grouping them into sets, a process known as categorization (Walker, Swasy, & Rethans, 1986). Prototype theory suggests that when people categorize objects they match them against the item they consider to be the "ideal exemplar" containing the most representative features inside the category—the *prototype* (Rosch, 1999; Rosch & Mervis, 1975). In a global marketing context, this theory suggests that consumers categorize products according to their associated origins, and that the degree of match between a product category and the image of a specific country determines attitudes, evaluations, and preferences for products and brands originating from this country (e.g. coffee vs. cars produced in Brazil vs. Germany).

Roth and Romeo (1992) develop a matrix that considers four possible strategies for a company as a function of the image of a country and the fact whether these image factors are relevant for the company. A product-country match (cell 1 of Fig. 7.2) would occur when the perceived strengths of a country are important product features or benefits for the particular product category. German car manufacturers are a case in point and highlight both—their brand and the COO (e.g. Audi—"Das Auto"). A perfect product-country match also points to a positive country equity in that product category (for country equity, c.f. Zeugner-Roth, Diamantopoulos, & Montesinos, 2008). The second cell refers to brands that are well known and have a high brand equity, but the COO does not have a favourable image in that category (e.g. Red Bull and Austria). In this case, COO should not be highlighted in the global marketing strategy, or only as a secondary association in order to improve the COI on the long run (e.g. Acer and Taiwan).

Companies in cell 3 in Fig. 7.2 do not dispose of a high global brand equity, but can benefit from the image of their COO in that category. A Swedish furniture start-up or a small French wine manufacturer might be a case in point. The last cell (cell 4 in Fig. 7.2) is certainly the greatest challenge for companies. In this case, neither

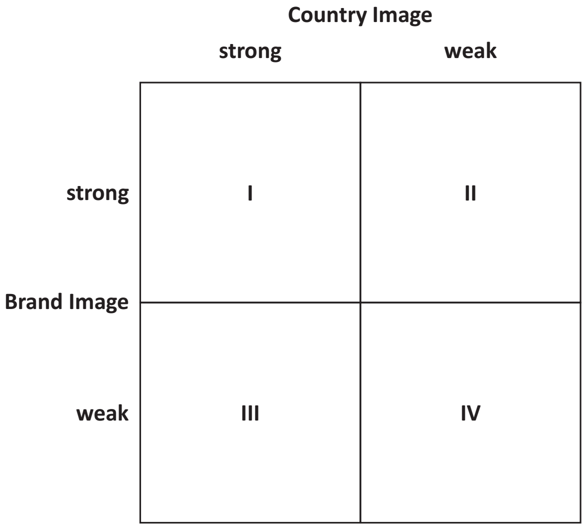

Fig. 7.2 Product-country matches and the corresponding strategies (adapted from Roth & Romeo, 1992)

the brand nor the COO dispose of a high equity. An example in this category might be Lenovo that, in the beginning, neither had a well-known brand nor a positive COO association (i.e. the image of Chinese products being cheap and of low quality). Lenovo has therefore undertaken a set of actions in order to improve its brand equity (e.g. they have bought the PC division of IBM, they moved part of their headquarters to the USA, they appointed a US CEO, etc.) and is nowadays the top PC manufacturer in the world and a Fortune 500 frontrunner in smart connected devices (Nylander, 2016). Thus, one could say that it gradually moved from cell 4 to cell 2. Moreover, the more companies like Lenovo China might have, the stronger will be the image of China for producing electronic products. Thus, similar to Japan that managed to significantly improve its image in the past 40 years and nowadays is considered as a high quality producer of technological products, the country image of China will ameliorate on the long run.

Criticism on COO Research

Despite the popularity of COO research and the increasing number of papers on this topic, the study of COO effects is not undisputed in the literature. The main points of criticism are summarized below.

Brand Origin Recognition Accuracy (BORA)

Samiee et al. (2005) argue that if COO matters so much in consumer decision-making as the literature argues, it would be expected that consumers would possess reasonably accurate abilities to recognize a products' COO. Using categorization theory and attribute diagnosticity as theoretical foundation, in an experiment with *n* = 480 US consumers, respondents were presented with a questionnaire where they were asked to rate 84 foreign and domestic brands. They then calculated the brand origin accuracy (BORA—i.e. the classification of a brand with its correct COO) of these ratings. On average, only one-third (35%) of all brand origins were classified correctly. The rating was higher for domestic (49%) compared to foreign (22.3%) brands and was also higher for brands with a high familiarity ($BORA_{US}$ = 68%, $BORA_{Foreign}$ = 33%). Other covariates were socioeconomic status, past international travel, foreign language skills, and gender. In a second study, the authors find that BORA is largely determined by the language associated with the COO of the brand (e.g. Häagen-Dazs to be associated with a Danish rather than US brand). They conclude that manufacturers would be better off to use non-geographic attributes to market their brands than those related to COO.

Balabanis and Diamantopoulos (2008) further extend and refine the findings of Samiee et al. (2005). Using a sample of UK consumers and focusing on a single product category (microwave ovens), the average correct identification rate is 22.2%, which is even below the results of Samiee et al. (2005). While for four brands (Panasonic, Whirlpool, Proline, and LG), the average brand evaluations under the "don't know" category are lower than those under the "correct" and "incorrect" classification (implying that brands that are associated with a COO are better off than brands that are not associated with a COO at all), for the remaining nine brands, brand COO information, on average, does not affect brand evaluations. Consumers' brand ratings seem to be similar regardless of whether they can identify the correct COO, whether they assign the wrong COO, or whether they are unable to associate the brand involved with any COO. They therefore conclude that:

> *"Given that practically all COO studies make the COO cue available to consumers either as part of the experimental stimulus or as part of the survey questionnaire, the issue of brand COO identification is sidestepped in extant COO research: Respondents are told the correct COO of the brands (or products) under investigation, so there is no question as to (1) whether some of them are more informed than others regarding the COOs of the brands under study or (2) whether such differences affect outcome variables (e.g., brand evaluations, purchase intentions). Our findings question the extent to which consumers would have voluntarily used the COO cue when undertaking brand evaluations or formulating brand preferences (i.e., whether consumers themselves would invoke COO information when making purchasing decisions)."* (Balabanis & Diamantopoulos, 2008, p. 61)

While at a first sight, this seems to support Samiee et al.'s (2005) call for an end of COO research, Balabanis and Diamantopoulos (2008) propose that future research should draw a more nuanced picture of COO effects. Specifically, a consumer might know the correct COO, but not use this information in his product evaluation (e.g. in line with the product attribute effect described by Bloemer et al., 2009). At the same time, another consumer might not know the correct COO, but nevertheless heavily rely on this information (e.g. in line with the halo hypotheses posited by Han, 1989). They explicitly call for more research on these effects.

Relevance Versus Convenience

After Samiee et al. (2005) seminal paper, several authors have joint the view that COO research has gone off track in recent years. According to Usunier (2006), the founding experiments of COO research (Schooler, 1965; Schooler & Wildt, 1968) provide a sort of "science-based narrative" that gives COO research its credibility despite its lack of real-world relevance. He defines relevance as "the discrepancy between the demand by businesses for best practice and management techniques that can be readily applied and the academic pursuit of in-depth understanding of organizational and business phenomena that typically results in improving management thinking rather than in solutions to immediate business problems" (Usunier, 2006, p.69). Samiee (2010) complains that the literature mostly ignores pivotal points that should influence both the direction and the design of country-related research in international marketing. Their main points of criticism are summarized below.

Globalization of markets: The world economy has become increasingly intertwined. As such, hybrid products have become the norm rather than the exception and it is not always clear where the various parts of a product come from. Usunier (2006) claims that the COO effect is inflated in that it dramatically decreases in a multi-cue setting (i.e. along with brand, price, store, etc.) (e.g. Verlegh & Steenkamp, 1999). Samiee (2010) also questions the general relevance of COO effects because the purported impression by some consumers, largely in developing nations, that, for example, a Sony product made in Japan is better than an identical Sony product made in Singapore, may hint at Sony's marketing failure in governing and training its global distribution channel and/or educating the relevant consumer segment rather than being attributable to the COO effect.

Ecological valid design: Similar to Balabanis and Diamantopoulos (2008), both authors criticize the way COO effects are assessed. In this respect, "the mere mention of a country's name in conjunction with attitude measurement regarding a product or purchase intention contaminates the data" (Samiee, 2010, p. 443). Both argue that the "made-in" information is not always available and easily accessible by consumers and that even if it is available, consumers pay little attention to it.

Focus on appropriate segments: Samiee (2010) argues that COO is only relevant to one segment for each market (e.g. ethnocentric consumers), and that studies have still to fully incorporate the concept.

Relevance of COO for companies: Usunier (2006) questions whether companies are willing to promote COO labelling on their products. Samiee (2010) purports that the extent to which companies use COO in their investment decisions is still unclear and still needs to be examined.

In summary, although there is a substantial literature on COO effects, there are still a lot of conceptual and methodological issues remaining, and the use and necessity of the construct to companies are still a matter of discussion. This critique may motivate a novel stream of research.

Future Research

The criticisms cited above have not stayed uncommented and have raised a general academic debate in the literature (c.f. Josiassen & Harzing, 2008; Magnusson, Westjohn, & Zdravkovic, 2011b; Samiee, 2011; Usunier & Cestre, 2008; Zeugner-Roth & Diamantopoulos, 2010). A detailed discussion of each point raised above would go beyond the scope of this chapter. Below, I try to elaborate on how the major points of criticisms could be addressed in future research, thereby advancing our knowledge in the field.

BORA and the Need of Ecologically Valid Designs

There is no agreement in the literature on the importance of BORA, with some researchers claiming that it makes future research on COO redundant (e.g. Samiee, 2011; Usunier, 2011), while for others, the opposite is the case (e.g. Diamantopoulos, Schlegelmilch, & Palihawadana, 2009; Magnusson et al., 2011b). Despite these controversies, there are also several aspects that are commonly agreed upon in the literature (c.f. Magnusson et al., 2011b).

First, most researchers agree that artificial designs, as used in the past, where a consumer is confronted with COO (or multiple COOs) as the only cue present are not realistic because consumers might not use this information in their real-life purchase intention. Moreover, I personally doubt the relevance of such studies, given the multitude of research that already exists on that subject (c.f. Nebenzahl et al., 1997 for a review of the literature). Thus, what is required is a research design where consumers actually have a choice and can also decide not to focus on COO if it is not important to them. For example, in an online experiment, Fischer and Zeugner-Roth (2017) present consumers with cockpits comprising several variables (e.g. for the choice of rental car rides, consumers had to make trade-offs between trunk capacity, horse power, and COO of the brand). The influence of all other variables was later balanced out through randomization, so that the authors only focused on the net effect of COO in their analysis.

Second, most COO researchers commonly agree that there has been a shift of focus in COO research from the country-of-manufacture to the country a product is actually associated with (Herz & Diamantopoulos, 2013; Jaffe & Nebenzahl, 2006; Usunier, 2006), which is most often the country of brand (Magnusson et al., 2011a; Thakor & Lavack, 2003). Thus, independent of whether the associated origin is also the true origin, there is some evidence that suggests that the origin a consumer perceives a brand to originate from has an impact on product evaluations and purchase intentions (Usunier, 2011). BORA can also be used as a control variable, in order to make sure that respondents have the same (correct) origin in mind when evaluating a product or brand (Sichtmann & Diamantopoulos, 2013).

Country Image Versus Product Ethnicity

Although many studies have assessed the impact of COI on product evaluations and purchase intentions (Roth & Diamantopoulos, 2009), they rarely focused on the relative importance of COO in the specific situation at hand. The COO elaboration likelihood model developed by Bloemer et al. (2009) suggests four processes through which COI might affect product evaluations and purchase intentions, out of which only two assume a central role for COO. One criterion that could determine the type of processing of COO information is the match between a country's image and the product category under consideration, or, in other words, the product ethnicity (Usunier & Cestre, 2007). For example, the image of Germany might be highly beneficial for technological products, but not for other product categories such as food, for instance. Thus, for technological products, a German COO could be centrally processed (thus implying a halo or summary effect), while for other categories, it might play a minor role (thus implying a default heuristic or product attribute effect). Product ethnicity is thus a construct that is of central importance for the size of the COO effect and should be considered in future research designs (see also Usunier & Cestre, 2007 on that issue).

Research Focusing on Consumer Segments That Are Attentive to COO Information

Samiee (2010) is right that COO information might not be processed the same way by all respondents. For example, ethnocentric consumers might actively look for COO information in order to avoid the mistake of "erroneously" buying products from a foreign origin (c.f. Chapter 6 of Riefler, 2017). Indeed, research describing consumers based on their sociopsychological traits has been prolific from the beginning. Apart from well-established constructs such as consumer ethnocentrism (Shimp & Sharma, 1987), consumer animosity (Klein, Ettenson, & Morris, 1998), patriotism, nationalism, or internationalism (Kosterman & Feshbach, 1989), more recent studies focus on national identity (Verlegh, 2007), consumer disidentification (Josiassen, 2011), consumer affinity (Oberecker & Diamantopoulos, 2011), consumer cosmopolitanism (Cleveland, Laroche, & Papadopoulos, 2009; Riefler, Diamantopoulos, & Siguaw, 2012), or consumer xenocentrism (Balabanis & Diamantopoulos, 2016) as global segmentation variables describing consumers preferences for or against domestic and foreign products (c.f. Bartsch, Riefler, & Diamantopoulos, 2016 for a review of positive dispositions).

I believe that these studies have potential for two reasons. First, they provide international marketing managers with valuable segmentation characteristics that they can use in their global marketing efforts. It is widely known that consumers do not stay within their national boundaries anymore, and capturing these roaming segments across markets with similar strategies is vital for the success of global campaigns. Second, future studies should develop these variables further, focus on their direct or indirect effects via other variables, but also use them at least as control variables (c.f. Zeugner-Roth, Zabkar, & Diamantopoulos, 2015) or moderators (c.f. Fischer & Zeugner-Roth, 2017) to investigate boundary conditions of COO effects. Especially the latter is widely regarded as a valuable area of future COO research.

Reconsideration of Extant Measures and New Techniques

As outlined above, COO has often been criticized to be conceptually and methodologically less rigorous. Indeed, sometimes concepts and tools are borrowed from other disciplines and applied in extant COO research without fully taking into account the conceptual origins. Some concepts have also been used in COO research for decades without being updated or questioned in any respect. A good example for this is consumer ethnocentrism. Originally being developed as a unidimensional construct, the 17-item scale proposed by Shimp and Sharma (1987) has been increasingly replaced by a 5-item version (Verlegh, 2007) that has been proven to be psychometrically sound in other (Western) nations. At the same time, apart from reducing the number of items to a more manageable number, only little has been done on the conceptual front. Two recent studies (Sharma, 2015; Siamagka & Balabanis, 2015) show that the original conceptualization of consumer ethnocentrism of Shimp and Sharma (1987) that views consumer ethnocentrism as a unique economic form of ethnocentrism is perhaps too narrow and should be enlarged by several dimensions (e.g. behavioural preference, feelings of insecurity, or prosociality toward fellow citizens) and be studied also in emerging and developing nations. It is now on future research to test and further advance these scales, but in general, more research is needed that questions extant concept and tools and updates them based on recent developments in the field.

Another viable area of future research is borrowing concepts and methods from other disciplines and applying them to COO research. Thus, rather than taking the COO effect for granted, researchers should question extant approaches and analyse the effect using alternative methods and explanations. For example, Herz and Diamantopoulos (2013) break from tradition in COO research and approach consumers' COO cue usage from an indirect and unobtrusive perspective. Based on dual-coding theory (Paivio, 2007), they develop propositions regarding how consumers are likely to communicate COO information. They then apply a qualitative methodology using both a collage technique (Hofstede, van Hoof, Walenberg, & de Jong, 2007) and semi-structured interviews (Rubin & Rubin, 2005) to explore these propositions empirically, and follow up with a second study to check the robustness of their findings. Finally, they link their concepts of interest to BORA and actual brand ownership. By doing so, Herz and Diamantopoulos (2013) confirm the existence of COO effects, but through a new method and approach, and by providing a more nuanced perspective. Approaches like this one are to be encouraged for future research.

Conclusions

In the past 50 years, numerous studies have been published on the COO effect, and it has become one of the most researched topics in international marketing. The main purpose of this chapter was to give an overview of basic concepts and models used in COO research, but also to challenge them, and provide an agenda for future research. Personally, I do not share the view that COO research is redundant, provided that major points of criticism are addressed and the study can make a fine contribution to the literature. At the same time, and especially regarding the latter point, I would like to encourage researchers to be critical and to make sure that this is indeed the case before "just another" study is added to the field.

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Chapter 8
Culture and Branding

Zeynep Gürhan-Canli, Ceren Hayran, and Gülen Sarial-Abi

Introduction

Late twentieth century is characterized by globalization; worldwide interconnectedness among nations and economies reflected in every aspect of our lives. With increasing global interactions in the transfer of knowledge, goods, services, processes, capital and people, a borderless global marketplace has developed. In this highly connected world, does culture matter? In this chapter, we elaborate on how the changing landscape of culture influences branding.

Although there have been different ways to distinguish among different cultural orientations (i.e. the extent to which individuals differ in their norms and values), two of the major ones are the cultural orientations proposed by Hofstede (2001) and Schwartz (1992). According to Hofstede (2001), cultures might differ based on power distance, uncertainty avoidance, masculinity/femininity, long-term orientation, and individualism/collectivism. While most of the prior research in consumer behavior has focused on the distinction between individualist and collectivist cultures, Maheswaran and Shavitt (2000) have called attention on the distinction between societies that are horizontal (i.e. valuing equality, Sweden, Norway, Australia) and those that are vertical (i.e. emphasizing hierarchy, the USA, France). They have further suggested that what has been investigated until 2000s mostly reflected the vertical forms, neglecting the horizontal cultures.

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The debate regarding the dimensions of culture has continued for a long time and some researchers have also used the dimensions proposed by Schwartz (1992). According to Schwartz, cultures might be distinguished based on embeddedness versus autonomy, mastery versus harmony, and hierarchy versus egalitarianism. However, until now, there has been no agreement on the dimensions of culture as culture is dynamic and, with globalization, it is more difficult to identify certain dimensions that would fit into specific cultures. Based on these well-established cultural frameworks that are proposed to help us understand the interactions between culture and the self, in our review of the literature on culture and its effects on branding, we bear in mind that cultural boundaries are becoming blurred.

The blurring of cultural boundaries has led to a reorganization of social living and has impacted brand management practices. For example, while China has been among the fastest growing markets for several global brands like Ikea, Starbucks, and Apple, it now owns many valuable global brands, such as the world's largest online retailer Alibaba. By similar means, global and local cultural symbols often co-exist in global brands' local market offerings such as Starbucks' Matcha Green Tea Frappuccino served in Japan or Chinese coffee moon cakes. Development of globally shared meanings gave rise to the emergence of concepts like global consumer segments (Dawar & Parker, 1994) and global consumer culture positioning (Alden, Steenkamp, & Batra, 1999). Hence, it is important to understand how brand meaning and consumer–brand relationships are changing in the increasingly globalized and multicultural marketing environment.

Our goal in this chapter is to provide an extensive review of academic research on the culture and branding interface. We present a structured analysis of the major findings on how the changing landscape of culture influences how brands are perceived, provide managerial insights, discuss conflicting issues in the literature, and highlight some directions for future research. Specifically, we elaborate on how the cultural context and culturally sensitive consumer segments affect branding practices, and how consumer–brand relationships are shaped by culturally relevant values.

Global and Multi-cultural Consumers

According to UN statistics, 244 million people live in a country other than where they were born, and this rate is increasing (United Nations, 2015). Marketplaces comprise culturally more diverse consumer groups, with individuals speaking multiple languages and keeping multinational ties. It's essential to be aware of the opportunities and challenges that are brought along with the changing consumer demographics in the marketplace.

Recognition of a global consumer culture occurred in 1990s. Alden et al. (1999) emphasized the growth of global consumer segments and proposed a measure of global consumer culture positioning (GCCP). GCCP is based on the global consumer culture theory (GCCT), which argues that a global consumption culture is emerging due to the expanding interrelations of multiple cultures. Alden et al.'s (1999) analyses of 1267 advertisements from seven countries revealed that several brands use GCCP as their positioning strategy, rather than basing their positioning on a local or a specific foreign consumer culture. Arguably, GCCP can be used as a positioning tool to attract consumers who value brand globalness and use global brands to associate their identities with global consumer segments.

Previously referring to individuals being a part of two different cultures, such as minority groups (Berry, 1997), bicultural identity has come to indicate a broader meaning with globalization. It refers to the coexistence of one local identity rooted in an individual's local culture, and another identity linked to the global culture (Arnett, 2002). How bicultural identities affect product and brand evaluations has attracted much research attention. For example, Zhang and Khare (2009) demonstrated that consumers with an accessible global identity have higher preference for global (vs. local) products, whereas consumers with an accessible local identity have higher preference for local (vs. global) products. The way that bicultural consumers integrate their host and home identity is defined as bicultural identity integration (BII) and has been an important topic of research (Haritatos & Benet-Martínez, 2002). At high BII levels, bicultural consumers integrate their two identities more easily, while at low levels of BII they perceive two identities as more distinct and difficult to integrate.

Biculturalism has direct consequences for the persuasiveness of advertising appeals. A growing body of research focuses on the success factors of bilingual advertising effectiveness. Luna and Peracchio (2001) showed that marketing messages received in one's first language result in superior memory than messages received in the second language, and picture-text congruity may help enhance the processing of second language messages. They also showed that because a bilingual's native culture may value some concepts more highly (e.g. family), related words may lead to a higher emotional attachment when presented in the first (vs. second) language messages (Luna & Peracchio, 2002, 2005). Noriega and Blair (2008) further argued that not only the words used in a message, but each of a bilingual individual's two languages may cue different types of thoughts for the same message, leading to different levels of persuasiveness. Focusing on bicultural consumers' brand preferences, Kubat and Swaminathan (2015) showed that for brands low in cultural symbolism, a bilingual message leads to an increase in bicultural identity integration resulting in higher preference for a bilingual ad than an English ad. On the contrary, because brands that are high in cultural symbolism are strongly linked to a specific identity, consumers may perceive bilingual ads as having a lower perceived fit with their existing set of brand associations. From a more managerial perspective, Krishna and Ahluwalia (2008) explored the differential effects of language choice between multinational versus local companies. Their results showed that the choice of advertising language influences advertising effectiveness for multinational companies, such that they can benefit from the favourable associations of both languages, but not for local corporations. Their study also revealed that different languages may vary in their advertising effectiveness for luxury versus necessity products.

Another important research stream concentrates on the bicultural exposure effects. Empirical evidence shows that simultaneous exposure to symbols of two dissimilar cultures (e.g. Batman toys with a made-in China label) draws the perceivers' attention to the defining characteristics of the two cultures (Torelli, Chiu, Tam, Au, & Keh, 2011) and increases the perceived differences as well as the incongruence between them (Chiu, Mallorie, Keh, & Law, 2009).

Global environment, increasing immigration, and the growing multiculturism necessitate special emphasis on diversity. As consumers become more diverse in a marketplace, it becomes difficult to market offers with communication programmes that target homogenous consumer groups. It is vital for managers to understand how to create integrated marketing communications in multicultural consumer segments. Hence, marketing strategies should be well suited to the needs of consumers that are influenced by multiple cultures. Further research may investigate language-based effects across different types of media other than print ads that is dominantly explored in literature (Krishna & Ahluwalia, 2008), such as broadcasts or internet ads. Research could also examine the interaction between the language-based effects and the brand personality of an advertised product to understand whether the choice of language has an effect on consumers' attitudes toward different brand types.

The Effects of Culture on Brand Perceptions and Evaluations

Brand meanings are drawn out of the culturally constituted world and transfer to brands through several mechanisms such as advertising, the fashion system, and reference groups (McCracken, 1986), influencing the nature of consumer–brand relationships. Hence, culture impacts branding practices and the meaning of brands. We specifically examine how iconic brands, global and local brand meanings, brand personality, consumer attitudes toward counterfeits, and brand extensions are influenced by culturally relevant values.

Cultural Icons

Brands are often used for self-expressive purposes (Levy, 1959). The notion that a brand can act as a tool to communicate or strengthen one's reference group identity (Escalas & Bettman, 2005) has been applied to an extensive body of cross-cultural research. Iconic brands are rich in cultural symbolism; they symbolize the shared needs, values, and aspirations of individuals in a cultural group (Torelli, Chiu, Keh, & Amaral, 2009). They are highly valued by consumers for what they represent and can be used to signal one's individual or group identity (Holt, 2002). As a result, iconic brands may carry the advantage of being preferred among members of a cultural group.

Brands can highlight culturally relevant values. Han and Shavitt (1994) showed that advertisements which emphasize individual benefits, preferences, and independence are more persuasive in the more individualistic US culture, whereas advertisements which highlight family, ingroup benefits, and harmony are more persuasive in the more collectivistic Korean culture. Morling and Lamoreaux's (2008) meta-analyses of cross-cultural studies on the individualism-collectivism dimension of cultural products (e.g. advertisements) also revealed that cultural products which came from Western cultures were more individualistic (vs. collectivistic) than the products that came from the Eastern cultures.

Just like exposure to cultural symbols can activate culturally relevant values (e.g. American flag activating freedom and individualism; Hong, Morris, Chiu, & Benet-Martinez, 2000), iconic brands can act as cultural reminders (e.g. Marlboro bringing to mind ruggedness and individualism in American culture; Torelli, Keh, & Chiu, 2009). Relatedly, exposure to iconic global brands can activate associated cultural values and attract local consumers who share similar values. For example, Starbucks can remind American cultural values to the consumers outside of the USA (Torelli, Keh, et al., 2009). Torelli, Chiu, et al.'s (2009) brand iconicity scale that measures the symbolic value of brands further validates how cultural meanings associated with a group transfer to brands, and how brands can be used to express individuals' social identity.

A seemingly related, but conceptually distinct concept from brand iconicity is a brand's country-of-origin association. Consumers often rely on the place of manufacture in evaluating a product (Gürhan-Canli & Maheswaran, 2000; Maheswaran, 1994), with more favourable country-of-origin perceptions often leading to more favourable evaluations. Brand iconicity has a broader and a more abstract signalling value than that is indicated by country-of-origin associations (Torelli, Chiu, et al., 2009). Country-of-origin knowledge does not necessarily activate culturally relevant values of the manufacture location, unless the brand is rich in cultural symbolism.

Managers need to be aware of the consumer groups that are sensitive to cultural icons, and should strategically manage brands that are rich in cultural symbolism. For example, a debate among culturally sensitive consumers in China resulted in a Starbucks store closing down and being replaced by a local coffee shop in the Forbidden City in 2007. The arguments centred around the idea that Starbucks is a symbol of American culture, and its presence in the Forbidden City is a threat to Chinese culture. Another challenge in managing iconic brands lies in how to preserve their attractiveness as the world is becoming an increasingly interconnected marketplace. Zhang and Shavitt's (2003) content analyses of 463 Chinese ads revealed that modernity and individualism became highly predominant values, reflecting the changing values among the X-generation. This is a good example of how marketers should be cognizant of the shifting values in a society to position their offers and marketing communications and to cater to consumers' wants.

Global and Local Brands

Many multi-brand firms like Unilever, Procter & Gamble, and Nestle have been focusing their marketing efforts on developing global brands (Schuiling & Kapferer, 2004). On the other hand, several local brands enjoy increasing market share over global competitors in developing countries like India, China, Russia, and Brazil (Guo, 2013). Whether increasing globalization is leading to homogenization of local cultures has been a focus of attention in cross-cultural research (e.g. Fu & Chiu, 2007).

Local brands are marketed in a specific country or a geographic region, whereas global brands serve different geographical regions with the same brand name and marketing strategy. Extant literature shows that consumer attitudes toward local versus global brands may diverge due to varying reasons. One stream of research reveals that consumers may have a tendency to favour global products over local ones. In emerging markets, this is shown to be higher among consumers who admire the lifestyles in economically developed countries, especially for products with high levels of social signalling value (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000). Global brands may be preferred over local alternatives due to higher quality and prestige associations leading to increased purchase likelihood (Steenkamp, Batra, & Alden, 2003). Moreover, consumers may perceive global brands as a means to enhance their status (Friedman, 1990), participate in a global consumer culture (Alden et al., 1999), become a global citizen (Strizhakova, Coulter, & Price, 2008), or to involve in a shared conversation with other consumers from around the world (Holt, Quelch, & Taylor, 2004). As a result, brand globalness may act as a source of competitive advantage. To face this global challenge, domestic brands can undertake coordination activities and form alliances with global or other domestic competitors (Shocker, Srivastava, & Ruekert, 1994).

Another stream of research demonstrates that some consumers favour local brands over global ones. The reasons may vary from quality perceptions, feeling of animosity toward certain countries (to which we turn in a later section) to patriotic reasons. Local iconness may be associated with local brand prestige and quality perceptions in emerging markets (Özsomer, 2012). Also, ethnocentric consumers tend to view their group as superior to others. As a result, they prefer domestic over foreign products to reinforce their patriotic identity (Shimp & Sharma, 1987). For example, consumers high on the CETSCALE, which is used to measure consumer ethnocentrism, were shown to favour domestically produced goods and feel aversion toward and less willingness to purchase imports (Sharma, Shimp, & Shin, 1995; Shimp & Sharma, 1987). Consumers high in ethnocentrism were also more likely to evaluate the quality of foreign products lower than the domestic alternatives (Netemeyer, Durvasula, & Lichtenstein's, 1991). This scale may be used as a managerial tool to identify consumer groups varying in level of ethnocentrism and may help decide on brand entry strategies in both local and international markets.

Besides the tendency to prefer global or local brands, consumers increasingly develop bicultural identities; a co-presence of a local identity linked to the local culture and a global identity linked to the global culture (Arnett, 2002). Relatedly, many modern consumers are glocal; they hold positive attitudes toward both global and local products, hence prefer to consume both products at the same time (Kjeldgaard & Askegaard, 2006). On the contrary, many consumers have difficulty in finding meaning in either local or global cultures and may reject both global and local brands (Arnett, 2002).

Steenkamp and De Jong (2010) have come up with a framework where they have discussed four different types of consumer attitudes toward global and local products. Their analyses of these varying attitudes on an integrated value-based structure revealed that consumer attitudes toward global and local products are not polar opposites; they are distinct but related constructs and are generalizable across product categories.

With increased globalization, there seems to be a shift in consumer preferences toward global brands. Thus, local brands face increased competition from their global counterparts. Yet, at the same time, developing countries are creating many successful global brands, such as HTC of Taiwan or Alibaba of China. Many local brands attempt to build global perceptions by indicating their global availability or success in other geographical areas (Özsomer, 2012). Overall, these findings suggest that it is important to create market offers according to the values dominant in specific consumer segments. A market with a negative orientation toward global consumption may be more likely to welcome local brands, whereas a market with a positive global consumption orientation may provide more opportunities for global brands (Alden, Steenkamp, & Batra, 2006). Therefore, a feasible marketing strategy may be to offer portfolio of brands according to specific market structures rather than putting too much emphasis on global brands (Steenkamp & De Jong, 2010). Moreover, global brands may emphasize locally important values and provide benefits for the local consumers in its area of operations. As a successful example, Unilever expands into new markets with its existing brands but promotes growth, sustainability, and inclusive business in the local markets, which results in increased value for both the company and the consumers in the local country.

Both for domestic and international companies, it is crucial to understand the drivers behind consumers' local versus global brand preferences. A growing body of research sheds light on the impact of globalization on local versus global brand practices, and yet many other factors wait to be uncovered in today's highly dynamic market environment. For example, further research is needed to understand how individual-level variables interact with national-level cultural variables in influencing consumers' brand preferences (Steenkamp & De Jong, 2010). Also, as exemplified in our discussion, developing countries (e.g. China and Taiwan) are rapidly introducing global brands. Do these brands differ in their globalness perceptions compared to the global brands introduced by the developed countries? Globalness versus localness perceptions of brands coming from developed versus developing countries is another area for future work.

Brand Personality

Consumers tend to evaluate brands, products, and firms on their human-like characteristics (Aaker, Vohs, & Mogilner, 2010). Brand personality refers to the human characteristics that are applicable to brands and involves five basic traits dimensions: sincerity, excitement, competence, sophistication, and ruggedness (Aaker, 1997). Brand personality is an important tool used in building brand equity and influences consumers' brand preferences (van Rekom, Jacobs, & Verlegh, 2006).

Empirical evidence shows that these five dimensions lack generalizability in brand meanings across cultures, and different dimensions can exist specific to cultures. For example, Aaker, Benet-Martinez, and Garolera's (2001) exploratory analyses of trait dimensions across cultures revealed peacefulness as a culture-specific dimension in Japan, peacefulness and passion in Spain; both compatible with these cultures' harmony-oriented values (Schwartz, 1994). On the other hand, ruggedness was specific to American culture, but sincerity, excitement, and sophistication dimensions conveyed similar meanings across American, Spanish, and Japanese cultures (Aaker et al., 2001). Sung and Tinkham (2005) further showed that associated with the Confucian values (Schwartz, 1994) passive likeableness and ascendancy were meanings particularly important to Korean culture. These cross-cultural distinctions further resulted in the development of country-specific brand personality scales, such as the German scale (Bosnjak, Bochmann, & Hufschmidt, 2007) and the Croatian scale (Milas & Mlačić, 2007).

These findings suggest that brand meanings can convey both distinct and similar meanings in different cultures. Derived meanings do not necessarily generalize across "Eastern" or "Western" cultures, but can be country or culture specific as depicted by the above examples. Understanding the culture-specific values that are represented and institutionalized in brand meanings across diverse cultures provides managerial guidance for companies operating in those countries. Brands can reflect either the specific values of a culture, or the more universal values in their positioning or communications strategies.

To address the cross-cultural generalizability issue, other novel brand personality scales have been developed that proved validity across different cultures. For example, Geuens, Weijters, and De Wulf (2009) developed a scale consistent of five factors (i.e. activity, responsibility, aggressiveness, simplicity, and emotionality). Tested in the USA and nine European countries, their scale proved reliability not only across cultures, but also across a wider set of brands and product categories than the existent scales.

Moreover, Torelli, Özsomer, Carvalho, Keh, and Maehle (2012) developed a scale to measure abstract brand concepts in terms of its human value representations based on Schwartz's (1992) structure of human values (i.e. power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security). Their scale helps to understand the cultural orientation of consumers in a market by showing the extent to which a brand is associated with different values that resonate with consumers in different cultures.

A related issue worth exploring is whether and how brand personality meanings change as individuals in a culture become exposed to different cultural environments, especially in today's highly mobile social environment (Sung & Tinkham, 2005). Not only individuals get more exposed to multiple cultures, but markets become culturally more diverse as well (Torelli et al., 2012). Further research is needed to understand how to communicate brand personality meanings in culturally diverse markets.

Counterfeits

Counterfeiting, or imitation of goods, is a worldwide problem, especially in the high-end luxury segment (Phau & Teah, 2009). Projected value of global trade in counterfeit and pirated goods reached \$1.77 trillion in 2015 and is expected to increase further (IACC, 2015). Low manufacturing costs, high demand for branded goods, and the high quality of production make counterfeiting of luxury goods a particularly profitable business (Gentry, Putrevu, & Shultz, 2006). While it was acknowledged to be an industry dominantly existent in Eastern countries like China, Taiwan, Pakistan, and Indonesia (Penz, Schlegelmilch, & Stöttinger, 2008), counterfeiting has become much more widespread.

Significant amount of research on counterfeiting focused on China (Hung, 2003; Phau & Teah, 2009). The luxury consumption, as well as the manufacture and sales of counterfeit products have been rapidly increasing in China (Wang & Song, 2013). The estimated value of counterfeiting equalled \$16 billion worth of business annually, creating financial threat for foreign brands (Bian & Veloutsou, 2007). From a cross-cultural perspective, some evidence reveals that collectivistic Asian cultures (e.g. China and Singapore) hold less negative attitudes toward counterfeiting and piracy due to having more positive perceptions of sharing and social harmony in society over individual ownership (Marron & Steel, 2000; Swinyard, Rinne, & Kau, 1990). Individualistic cultures, and also more developed countries, tend to protect individual ownership and property rights to a higher extent (Marron & Steel, 2000). These studies imply that collectivistic cultures may be less inclined to comply with legislative actions toward counterfeiting problems. They also suggest that differential actions can be undertaken against counterfeiting in collectivistic cultures, such as emphasizing in ad campaigns overall well-being rather than individual rights (Husted, 2000).

Some other studies did not find an effect of culture on attitudes toward counterfeiting and piracy (Phau & Teah, 2009). On the one hand, Eastern cultures' higher consciousness of their favourable social self-image may promote using luxury counterfeits. On the other hand, this may prevent them from using counterfeits because of the social risk of losing face if others know about one's use of counterfeits (Sharma & Chan, 2011). Therefore, the literature remains inconclusive regarding the association of culture and consumer attitudes toward counterfeits. Further investigation is needed to understand how cultural orientation (e.g. individualism vs. collectivism) influences the perceptions and likelihood of purchasing counterfeit products. Also, most extant research examines luxury products, with no clear knowledge on the generalizability of findings across other product categories; an issue worth further investigation.

Although counterfeit goods may decrease the equity and the luxury perception of the original brand (Zhou & Hui, 2003), some evidence argues the contrary, that counterfeits do not harm the original products (Nia & Lynne Zaichkowsky, 2000). Either way, from a cross-cultural perspective, counterfeiting of well-known established brands is a severe threat to an original brand's growth and expansion in local markets. International trade, technological advances, and the increasing number of goods that can be counterfeited are all signals that counterfeiting will be a lingering problem despite the present combating efforts (Phau & Teah, 2009). It is a challenge across nations and requires global collaborative actions.

Brand Extensions

Brand extension refers to the use of an existing brand name in other product categories, a strategy used to capitalize on the brand's favourable associations (Aaker & Keller, 1990). With the increasing difficulty in introducing new brands, brand extension practice has been a crucial topic for both marketing scholars and practitioners. Below, we review key empirical findings identified in brand extensions literature in relation to cross-cultural research.

Consumers in different cultures may put varying emphasis on factors that influence brand extension evaluations and differ in their extension judgments (Bottomley & Holden, 2001). Parent brand category-extension fit is identified as the most influential factor in brand extension evaluations (Aaker & Keller, 1990; Boush & Loken, 1991). When perceived fit is high, parent brand associations and quality assessments are more likely to transfer to the extensions. Fit judgments are shown to vary across cultures. For example, Han and Schmitt (1997) showed that Western consumers perceive the categorical fit between a parent brand and the extension category as highly important, whereas Eastern consumers put more emphasis on company reputation when evaluating an extension. Accordingly, Eastern consumers consider company size an indicator of quality and tend to evaluate extensions of larger firms more positively regardless of the perceived parent brand extension fit.

Another moderating factor that influences extension fit judgments is the cultural symbolism of brands. Torelli and Ahluwalia (2012) showed that when a brand and the extended product category cue the same cultural schema (e.g. Corona tequila cuing the Mexican origin), an automatic activation of cultural schema may override the effect of fit judgments, and lead to enhanced extension evaluations. This effect is induced by individuals' engagement in a more fluent processing when evaluating culturally congruent (e.g. Corona tequila) versus culturally incongruent (e.g. Budweiser tequila) or culturally neutral (e.g. Coors tequila) extensions. Their finding suggests that using culturally symbolic (vs. non-symbolic) brands may be more advantageous when extending into culturally congruent categories.

Spiggle, Nguyen, and Caravella (2012) indicated extension authenticity as a complementary concept to perceived fit in evaluating extensions. Brand extension authenticity is the extent that an extension carries the originality, uniqueness, heritage, and values of its parent brand (Spiggle et al., 2012). Authentic (vs. inauthentic) extensions are shown to increase consumers' evaluations and likelihood of purchasing and recommending a brand to others. For example, when Godiva's core luxury association was emphasized in its brand extension description (e.g. "New Luxurious Fragrance"), Godiva perfume induced more favourable evaluations as opposed to an inauthentic description ("New Seductive Fragrance").

Another stream of research points to the cultural differences in thinking styles. Individuals in Eastern cultures are determined to be more holistic thinkers, who focus on the context as a whole. On the contrary, individuals in Western cultures are characterized by analytic thinking, and focus on the attributes of an object by detaching it from the larger context (Nisbett, Peng, Choi, & Norenzayan, 2001). Relatedly, Monga and John (2010) showed that Eastern (vs. Western) consumers tend to evaluate extensions more favourably due to linking an extension with the parent brand more easily, hence perceiving a higher level of extension fit in their evaluations. This was attributed mainly to Eastern consumers' holistic (vs. Western consumers' analytic) thinking styles.

Self-construal is another culture-related individual difference that influences extension evaluations (Ahluwalia, 2008). Individuals with an independent self-construal view themselves as separate from other people, whereas individuals with an interdependent self-construal view themselves as connected with others. Due to a higher relational processing ability, high interdependents are expected to perceive higher fit judgments, resulting in more favourable brand extension evaluations. Also, motivating these consumers' relational processing, such as through advertisement, enhances their evaluations. Low interdependents, however, have higher difficulty in perceiving parent brand extension links leading to relatively have poorer extension evaluations.

Lastly, extension failures may have differential effects across cultures (Ng, 2010). Due to paying higher attention to diagnostic information (Aaker & Maheswaran, 1997), Eastern consumers are shown to exhibit higher dilution effects when a typical extension fails, under the condition that their motivation is high. On the contrary, under high motivation, Western consumers are likely to pay attention to the whole of the information provided, rather than focusing narrowly on the diagnostic negative information. This finding suggests that high-involvement products should be handled with more caution when extending into new categories in Eastern countries because of the potential negative feedback effects.

While extant research conveys significant findings about the effects of cultural differences on extension judgments, further research can explore additional cultural variables such as the effects of country of origin associations or brand symbolism on extension evaluations. Whether such associations transfer to the brand extensions will provide valuable theoretical and managerial insights. Moreover, despite the prevalence of brand extension practice in marketplace, how global versus local brand extensions differ in their evaluations remains unexplored.

Brand Relationships and Culture

Culture can further influence how consumers identify themselves with other consumer groups that have shared admiration around a brand, and how consumers react to brand wrong-doings. Next, we discuss how brand communities and consumer reactions toward brand transgressions may be impacted by culture.

Brand Community

Consumers are likely to build stronger relationships with brands that have compatible values and associations with their self-concepts (Sirgy, 1982). Since Fournier's influential article that indicated brands as relational partners (Fournier, 1998), understanding how consumers form relationships with brands has become a fundamental topic in marketing. Moving ahead from the dyadic consumer–brand relationship, Muniz and O'Guinn (2001) argued that brands are socially constructed and consumers establish social relationships among each other forming brand communities. A brand community consists of groups of individuals with shared admiration around a branded good or a service (Muniz & O'Guinn, 2001). As much as they are valuable for a brand, brand communities may be troublesome in cases where the members of a brand community may oppose marketing efforts of the brand. Especially in the digital environment where information is disseminated easily, managers need to be aware of and form strategic relationships with influential brand communities.

Importantly, brand communities are defined as geographically unbound; they include geographically and culturally dispersed consumer groups. Members of a group feel socially connected although they do not know each other (Muniz & Schau, 2005). Other evidence points to the existence of geographically bound consumer groups such as the Mediterranean consumer (Cova, 1997), or the Asian brand imagery (Cayla & Eckhardt, 2008). Identifying these geographically bound versus unbound consumer groups, understanding their characteristics and interrelations is a topic of further investigation. Understanding whether and how consumer attitudes are influenced by co-memberships both to a brand community and a geographical group may be helpful in developing communication strategies when targeting the members of a brand community.

Further research can explore brand community structure from a cross-cultural perspective. Most notable brand community examples mentioned in the literature are well-established global brands, such as Harley Davidson, Apple, and Jeep (Schouten & McAlexander, 1995). Whether consumer attitudes differ toward geographically concentrated brand communities in different cultures, and how culturally construed trait variables, such as individualism versus collectivism, influence consumers' affiliation with the brand and with others in the brand community are interesting research questions. For example, Escalas and Bettman (2005) investigated the differential effects of independent versus interdependent self-construals on self-brand connections. They showed that negative out-group brand associations lead to stronger effects on independent versus interdependent consumers. Relying on ethno-cultural differences in testing their hypotheses, they compared Asian and Hispanic Americans to white Americans. Use of broader cross-cultural differences in related studies will provide more generalizable results among cultures.

Reactions to Brand Transgressions

Product-harm crisis and brand failures are prevalent in marketplace. They can lead to market share and revenue losses, lower stock prices, damage brand equity and quality perceptions, and hurt a company's reputation (Chen, Ganesan, & Liu, 2009; van Heerde, Harald, & Dekimpe, 2007). They may also result in consumers' feelings of irritation, annoyance, and anger (Smith & Ruth, 2002). Relatedly, consumer reactions to negative brand information has been a widely researched topic in marketing (Ahluwalia, Burnkrant, & Unnava, 2000; Dawar & Pillutla, 2000). Managing such crises effectively is a significant issue for firms and necessitates further research attention in the cross-cultural domain as generalizable knowledge across cultures is still limited.

Previous research revealed that committed consumers to a brand are more likely to counterargue, and are less influenced by negative information about the brand (Ahluwalia et al., 2000). Swaminathan, Page, and Gürhan-Canli (2007) extended prior findings by adding the group identity (country-of-origin association) component to the individual-identity component. They showed that a brand's country-of-origin association can result in consumers' higher tolerance toward negative information about a brand, especially for individuals with interdependent self-construals. Therefore, drawing consumers' attention to a brand's country-of-origin association may weaken the unfavourable outcomes of receiving negative brand information.

Asian consumers are generally easier to satisfy and more tolerant than Western consumers in service settings (Zhang, Beatty, & Walsh, 2008). Building on this premise, Chan, Wan, and Sin (2009) showed that Asian (vs. Western) consumers' greater tolerance pertains to non-social failures. Asian consumers tend to be less dissatisfied with non-social failures, but more dissatisfied with social failures. Because of Asian culture's higher concern for face (i.e. positive image of the self in social context), they are more likely to feel offended in situations of social failure that occur in the presence of others. Asian and Western consumers are further determined to differ in their brand switching intentions in cases of brand failures. Ng, Kim, and Rao (2015) showed that Western consumers are more likely to experience regret leading to brand switching intentions when they are not able to prevent a product failure. On the contrary, Eastern consumers are more likely to experience regret and switch brands when their group (as opposed to themselves) is not able to prevent a product failure. Consequently, regret has differential effects on brand switching intentions of consumers from different cultures.

Brand and product transgressions are not unique to brand failure or crisis situations. Successful global brands may become targets of antibrand activism without any specific wrong-doings. In their analyses, Thompson and Arsel (2004) demonstrated that while Starbucks gives the concept of coffee house a new meaning, it also receives severe opposition from various consumer groups around the world. Such strong brands may be perceived as destroying local competition, and globalizing capitalism with their mass-marketed and standardized offerings, which are considered to serve large corporations (Thompson & Arsel, 2004). As a result, they can attract severe public aggression.

A related research stream to brand transgressions is brand animosity. Research findings on animosity suggest that regardless of product judgments, consumers may feel hostility, or antipathy, toward specific brands due to the perceptions of the country of manufacturing. Animosity is a country-specific concept and may stem from varying reasons, such as political, economic, or military anger, unfair trading practices, or personal hostility (Klein, Ettenson, & Morris, 1998). Importantly, consumers may hold animosity toward a country independent of the quality of goods produced by that country. They may not buy the country's products despite thinking that the products are of high quality. Therefore, animosity may result in consumers' lower purchase behaviour above and beyond product judgments (Klein et al., 1998). Notably, animosity and ethnocentrism are distinct and opposing concepts in valence. Animosity refers to negative perceptions toward the goods of specific nations, whereas ethnocentrism refers to favouring local goods over the foreign alternatives (Klein, 2002). Ethnocentric consumers are inclined to consider the quality of locally produced goods as better, and find it inappropriate to purchase foreign alternatives. Which one dominates consumers' purchase intentions across cultures remains to be investigated (Klein, 2002).

Brand transgressions, failures, or animosity creates barriers to marketing practices. It is important for marketing managers to understand consumer attitudes and buying behaviour toward brand wrong-doings when targeting different geographical segments. Yet, limited research exists in the cross-cultural context. Analysing the existing findings on a larger sample of cultures is needed to uncover the differential effects of brand transgressions across cultures. Also, the interaction of brand transgressions with a broader set of cultural dimensions (other than individualism vs. collectivism) remains to be researched.

Conclusion

In this chapter, we have reviewed academic research conducted in the last 30 years at the interface of culture and branding. We have also identified important managerial insights and addressed unexplored topics in the literature. The rich array of findings discussed in our chapter has identified several important areas for future research. Increasing rate of global investments, international mobility, immigration, internet, diffusion of ideas, goods, information, and capital across borders highlight the growing importance of cross-cultural branding research for both marketing researchers and practitioners.

When managing global brands, it has long been a challenge to convey consistent brand images across cultures while adapting to expectations of local consumers. The growth of multiculturalism in the marketplace, and the emergence of a global culture, brings new challenges for brand management. Culture still does matter and the changing landscape of culture influences branding practices in several ways. As discussed in this chapter, it is vital for managers to recognize the cultural meaning and symbolism of brands for multicultural consumers and to develop branding strategies that are suitable in local and global markets.

Importantly, while the majority of the world's population live in emerging countries, most of the marketing research outlined in this chapter has been conducted in the USA or in other Western countries (Steenkamp, 2005). With globalization, it is increasingly important to generalize the applicability of past research findings across cultures, and particularly so in less developed parts of the world.

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Chapter 9
Subsistence Marketplaces at the Confluence of Culture, Poverty, and Low Literacy: Materially Poor but Relationally Rich?

Madhubalan Viswanathan

Consider an example cited by a friend who makes solar ovens, a sustainable alternative to wood-fired ovens, around the world. In one country, he was told that the product was the cause of wife abuse. With the new ovens, women cooked the meal when the sun was out and husbands came home for dinner late evening and found it cold. Implicit in this brief example are cultural perceptions of a variety of issues including gender roles. This example emphasizes the importance of understanding culture as much as understanding technology when thinking of sustainable solutions.

This chapter focuses on subsistence marketplaces in the shadow of emerging markets. These are the billions of consumers living in substandard housing, with limited or no education, having limited or no access to sanitation, potable water and health care, and earning minimal incomes (Viswanathan, 2013; Viswanathan & Rosa, 2007). We emphasize low-income contexts as being in the shadow of emerging markets. Whereas much of the focus been on the emerging middle class, a large proportion of people in these settings have low income. This is fundamentally different from traditional cross-cultural approaches in consumer psychology in that it is at the confluence of at least three major sets of factors—culture, low literacy, and poverty.

Although much of cross-cultural psychology work has focused on the horizontal differences within relatively higher-income individuals, disciplines such as anthropology have provided deep understanding of cultures in poverty contexts (e.g., Mosse, 2013). Our focus in keeping with the theme of this volume is on highlighting the consumer psychological aspects of differences among middle- and higher-income individuals across cultures (i.e., a horizontal comparison across cultures) and among groups of individuals with different income and literacy levels within a

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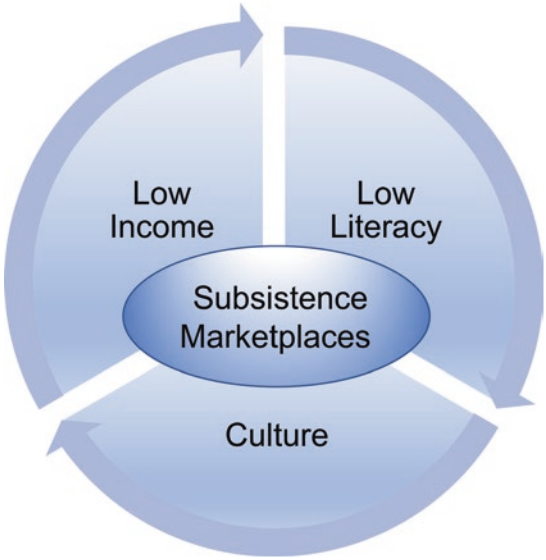

Fig. 9.1 Subsistence marketplaces and culture

single culture (i.e., a vertical comparison across economic and literacy levels). Traditional cross-cultural research primarily adopts a horizontal perspective, whereas this chapter adopts both a vertical approach that focuses on economic and literacy levels, as well as a diagonal approach that jointly examines issues of culture and socioeconomic status (Fig. 9.1). Thus, the vertical approach emphasizes the highly correlated dimensions of income *and* literacy, representing material and psychological constraints, respectively. This vertical approach based on socioeconomic factors often reveals more differences and distinctions than the horizontal approach based on cultural distinctions (e.g., comparison of the upper middle class in Hong Kong vs. the USA, or in India vs. Brazil).

Subsistence marketplaces are important for a variety of reasons (Viswanathan, 2013; Viswanathan & Rosa, 2007). They are a large proportion of emerging markets in terms of population, customers, and entrepreneurs. For instance, low-income states in India are home to 45% of India's population, and 42.4% of Africa's population earns less than US$1.90 a day (worldbank.org, 2016). Low-income segments are typically the repository of traditional culture as materialism and a consumption culture is often reflected in relatively higher segments of society. They may represent the future lower middle and middle classes. They represent customers and entrepreneurs who are partners and employees of outside businesses.

Why are subsistence marketplaces relevant to cross-cultural work in addition to covering the entire socioeconomic spectrum? With globalization, as material consumption grows and access to informational resources spreads, cultural traditions are often preserved among those with low income. The mixing of the new and old plays out starkly here—as information technology and consumption mingle with tradition. In some ways, upper middle class individuals across countries and continents are more similar to each other than they are with their own fellow country-persons across socioeconomic status. This trend has been accelerated by economic growth and information and communication technologies (Moya & Fiske, 2017). In this regard, even though psychological knowledge is mostly based on the study of WEIRD people (Western, Educated, Industrialized, Rich, and Democratic; Henrich, Heine, & Norenzayan, 2010), across the globe, there are more people in subsistence marketplaces than in such settings.

Cross-cultural research across socioeconomic levels is particularly difficult to conduct because it requires bridging across resource and literacy barriers and studying very unfamiliar contexts. Moreover, it involves studying contexts that are filled with uncertainty arising from extreme resource constraints. As outlined by Ingenbleek, Tessema, and van Trijp (2013), research in subsistence marketplaces offers challenges in the equivalence of measurement outcomes and is subject to biases in sampling and administration of procedures. Methodologically, studying psychological aspects of low-literate individuals has a variety of challenges as well (Viswanathan, 2013).

The subsistence marketplaces stream has adopted a bottom-up approach that begins at the micro-level of psychological aspects of how low-literate, low-income individuals think, feel, cope, relate, and engage in marketplaces (Viswanathan & Rosa, 2007; Viswanathan, Sridharan, Gau, & Ritchie, 2009; Viswanathan & Venugopal, 2015). We draw from this stream and reflect on questions it raises about cross-cultural issues when viewed from the vantage point of low income and low literacy. This stream focusing on such preexisting marketplaces in their own right and has led to a critical mass of papers in a variety of contexts (https://business.illinois.edu/subsistence/research/publications/). Our experience spans understanding through research in a variety of urban and rural contexts in several continents by a community of scholars. Additionally, we refer to learning from our own work such as designing and delivering marketplace literacy education (Viswanathan, Gajendiran, & Venkatesan, 2008) encompassing skills, self-confidence, and awareness of rights as customers and entrepreneurs and emphasizing know-why about marketplaces. Marketplace literacy covers consumer, entrepreneurial, and sustainability literacy. This education for communities in these settings has reached tens of thousands of individuals in eight countries (India, Tanzania, Uganda, Mexico, Honduras, the USA, Argentina, Kenya). We have also designed and delivered educational experiences for thousands of students, and field research and international immersion for hundreds of students. Thus, our learning has come from a variety of very different experiences and sources.

As a qualification, this chapter does not review the broader cross-cultural literature on subsistence marketplaces but rather speculates on some learning *bottom-up* from incorporating low income and low literacy more explicitly into this arena. In this sense, it is a raw reflection of the "data" or journey to date into subsistence marketplaces that requires interpretation and integration with cross-cultural theoretical lenses. As noted, this data or journey refers to research, curricular innovations, and outreach through marketplace literacy education in four continents (Asia, Africa, North and South America), in contexts that range from isolated tribal to rural

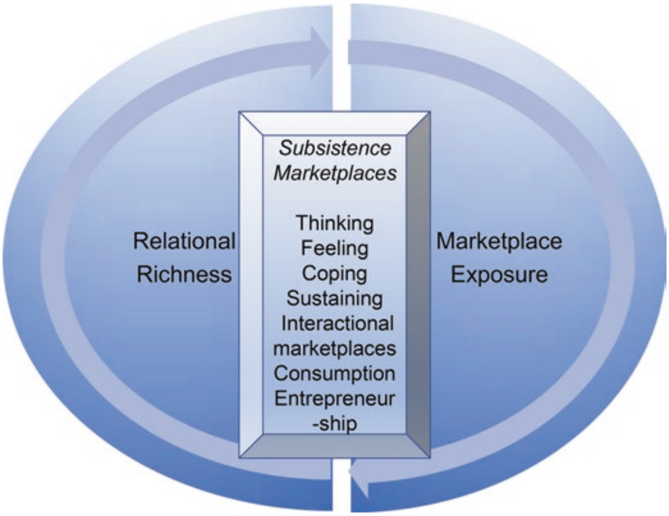

Fig. 9.2 Subsistence marketplaces across cultures

and urban settings. We also focus on culture in a variety of senses of the word—referring to the collective at local, regional (urban–rural–tribal), national, or global levels. An overview of issues covered is presented in Fig. 9.2.

The Subsistence Marketplaces Journey

Our own journey into subsistence marketplaces started by moving vertically to studying low-literate, low-income individuals in the USA and the problems they faced in the marketplace as customers and moved on to a variety of cultures across the world covering India, East Africa, and Latin America. Uncertainty is a central facet of life in subsistence marketplaces with lack of control over what are mundane elements of day-to-day life elsewhere, in a variety of domains of subsistence such as food, water, and so on (Viswanathan, 2013). The lack of a margin of error is another aspect of life in such settings.

Cultural Differences in Marketplace Exposure

Across cultures, there are wide differences in exposure to formal or informal markets as well as to smaller shops with person-to-person interactions versus larger departmental stores. (Viswanathan, Rosa, & Ruth, 2010; Viswanathan, Sridharan, Ritchie, Venugopal, & Jung, 2012). Closeness to main thoroughfares and shops or marketplaces in rural settings can enable consumers to learn and improve their skills in developing countries. In isolated tribal contexts for instance, there may be very little exposure and occasional contact with shops. Interior villages, villages near busy thoroughfares, semi-urban settings, and urban settings represent a continuum in terms of exposure. In urban settings, there is exposure to the mix of smaller shops and larger departmental stores. In many developing contexts with widespread poverty, there are at least two distinctly different markets—those predominantly for the broad range of low income and those predominantly for middle and higher income.

1-1 Interactional Marketplaces Across Cultures

Subsistence contexts have been described in terms of being intensely personal, 1-1 interactional marketplaces (Viswanathan et al., 2012). At the level of exchanges, sellers may be responsive to buyers in 1-1 interactions. Constant customization is another characteristic of exchanges as is fluid transaction. At the relational level, these are marketplaces where local cultural norms play out in unique ways. Interactional empathy is one such element of relationships, such as through norms in shared adversity in terms of everyone being able to make a living. Enduring relationships are another aspect of these marketplaces. The larger context is characterized by pervasive interdependence and orality. In terms of individualism and collectivism (Triandis, 1995), the notion of relational collectivism emphasizing relational interdependence (Brewer & Chen, 2007) as distinct from individualism (individual autonomy) or group collectivism (group interdependence) captures a number of aspects of this 1-1 interactionally rich marketplace we describe. Whereas a precise conceptual dissection is beyond the scope of this chapter, we use relational richness to describe, and contrast with the material poverty in these settings.[1]

Local cultural norms are mingled with the marketplace at a qualitatively different level. The market and the social milieu are blurred (Viswanathan, Seth, Gau, & Chaturvedi, 2009). There are a variety of cultural influences on the marketplaces, whether they be due to local traditions or different communities or tribes, spanning both relational and group collectivism. This is in contrast to middle-income and higher-income settings in advanced economies and emerging nations where transactions and the economic sector can be compartmentalized, stressing individual autonomy (see also Sheth, 2011 for differences in marketing approaches between emerging and highly developed nations). As a result, there are a variety of diverse stakeholders. Moreover, there can be a variety of differences across villages, towns, and cities arising from myriad cultural influences on marketplaces. These are, thus, fragmented markets because of cultural and geographical differences. The social milieu reflects what has been referred to as relational as well as group collectivism, the latter due to a variety of group influences.

[1] This term captures the micro-level person–person interaction. It has been used in the context of individualized relationship and interpersonal interaction between caregiver and client (Lamberton, Leana, & Williams, 2015).

This socially or relationally rich aspect in itself may vary across contexts. For example, in isolated tribal communities that are relationally rich in terms of their cultures, the lack of access to marketplaces may inhibit the degree to which 1-1 interactions occur. In other relationally rich cultures where marketplaces are also relatively accessible such as being close to thoroughfares in rural areas or in urban settings, 1-1 interactions pervade marketplace interactions as well. Similarly, when considering relationally rich cultures, a related variable is access to marketplaces where such relational richness can translate to the economic domain. Relational richness is typically highest among rural and tribal communities in developing contexts and lowest in advanced economies. Access and, therefore, exposure to marketplaces along with a consumption culture on the other hand is in reverse. Thus, the relationally rich 1-1 marketplace interactions translate to the marketplace for urban communities in developing contexts and for rural communities with access to marketplaces.

When deprived on so many fronts, culture can be the bedrock. If we have nothing else, we still have our family, our faith, our traditions, our culture or subculture, and so forth. If anything, these aspects sustain even in the absence of basic sustenance. A parallel here is in the relationship between mortality salience and defending a cultural world-view, wherein considering our own mortality can lead to emphasis on the immortality of one's culture (Chiu & Hong, 2006). Traditional cultural practices are sacred in this regard. Yet, the same 1-1 interactional environment can lead to ostracizing when extreme poverty prevents people from having the material resources to participate in cultural rituals—relating to birth, death, marriage, and so forth. In this regard, traditional culture is a double-edged sword.

Our learning has also come from providing marketplace literacy in different settings (Viswanathan et al., 2008), reinforcing the 1-1 interactional nature of subsistence marketplaces. This educational program aims to provide a deeper understanding of the marketplace—know-why in addition to know-how—and enhance skills, self-confidence, and awareness of rights as customers and as entrepreneurs. For instance, among the most innocent and gullible individuals have been those belonging to isolated tribal communities in terms of being taken advantage of as customers. For instance, as part of the educational program, we simulate cheating people in a shopping exercise in a variety of ways. In these settings, people place complete trust in others including the shopkeeper and explain their behavior in terms of the importance of relationships. This is a wonderful human sentiment that we temper with the need to be informed about price and other information across shops.

Cognitive Tendencies Across Cultures

This stream has uncovered a number of cognitive, affective, and behavioral aspects at the intersection of low income, low literacy, and culture. In many ways, the approach to unpacking poverty was in terms of the psychological aspects and the journey has led to a number of insights at the psychological level.

Concrete Thinking

At a cognitive level, difficulty with abstractions and fluency at the sensory level leads to a number of tendencies for those with low literacy and low income (Viswanathan, Rosa, & Harris, 2005). What we take for granted in relatively resource-rich settings is not just material, it is cognitive as well. Mundane tasks during shopping that literate consumers would not give any thought to, such as locating a product, finding the final prices, computing percentage off prices, or approximately totaling a shopping basket, require considerable effort in the face of low literacy.

A tendency among low-literate, low-income consumers is toward concrete thinking (Viswanathan et al., 2005), manifest in a number of ways across cultures. It arises from difficulties with abstractions due to low levels of literacy, often compounded by low income and the need to negotiate the immediate. Concrete thinking can mean difficulties with abstracting across many pieces of information, resulting in a focus on one or a few pieces of information. For instance, in an advanced economy, the need to transact on price at the counter along with the lack of financial resources may lead to buying the cheapest, sometimes without considering even price-size tradeoffs. In an isolated tribal community, such as the Masai community in Tanzania, it may manifest as buying the biggest size due to long distances from the marketplace (Viswanathan, 2013). Value in terms of what is given and what is got is often reduced to one or very few attributes. Concrete thinking may even lead to focus on a single shop based on a single dimension such as knowing the shopkeeper. Focusing on a single concrete attribute like delivery of an injection as an indicator of quality as a part of health treatment is another manifestation of concrete thinking; the specific indicator itself being different across cultures.

In a relationally rich cultural context with 1-1 interactions between buyer and seller, price is of course an important factor given the lack of resources (Viswanathan et al., 2012). However, it may be moderated by enduring relationships and trust, and factors such as additional services in the form of credit purchases during times of need. The social also provides means of learning and negotiating the environment through conversation, bargaining, and so forth. In turn, it provides a stepping-stone to gain deeper and broader understanding about a variety of factors. Such learning and even abstracting across multiple attributes can occur in the very familiar social context, where individuals can relate to similar others, acquaintances, friends, and relatives, irrespective of their level of literacy. Thus, social rich cultures may provide a stepping-stone for functional literacy in the marketplace to develop—i.e., marketplace literacy. At the same time, the same relational richness can lead to cheating and exploitation in a variety of ways—a double-edged sword.

Concrete thinking is also evident in how certain concepts are understood—seemingly commonplace words and concepts such as nutrition, health, business, or customer. These are abstractions often described by people in extreme exemplars—such as healthy meaning not being in a hospital. The notion of a customer that we take for granted can also be very under-developed. One participant in our marketplace literacy program described it best—"I never thought of myself as a customer… I thought of myself as someone who buys." The notion of a customer or even of a business varies across cultures with different levels of exposure to the marketplace. In advanced economies, low-literate, low-income customers have exposure in a variety of ways to a customer-centric world in terms of communications and stores. This is also the case increasingly in emerging markets, particularly in urban areas but less so in rural areas and least in isolated rural communities, with the explosion of information technology. Thus, marketplace exposure (and experience) as a proxy for literacy is an important way in which concrete thinking is moderated across cultures and contexts. Marketplace exposure (and experience) enables individuals to broaden and deepen understanding and learn about a variety of factors in play. It serves as a weak proxy for some level of functional literacy in the marketplace. In this regard, relationally rich cultures are defined by the constant exposure and interaction with others. However, with material poverty often comes lack of exposure or interactions in the realm of marketplaces and of course, the domain of consumption.

Concrete thinking also manifests in the ability to envision beyond the immediate—whether it be temporal, social, spatial, or hypothetical—dimensions articulated in construal level theory. Envisioning beyond the immediate in buying from a different point on the value chain or from a more distant location or even sometimes in shopping from different people when knowing specific shopkeepers can be factors. Again, marketplace exposure is a major factor here, related to the continuum from isolated tribal to urban. Relationally rich cultures may be limiting in a sense in the focus on people around. But such cultures may also provide a stepping-stone to learn from others. In this regard, whereas advanced economies or urban contexts in emerging economies provide a variety of consumer- and consumption-based experiences, developing contexts are characterized by the need to be an entrepreneur to survive, in turn leading to learning by being an entrepreneur in participating in exchange. Thus, being consumption-poor, yet relationally rich, these contexts may also ironically be somewhat conducive to entrepreneurship to meet basic consumption needs. In contrast, low-income communities in advanced economies may often depend on employment as a means rather than entrepreneurship.

Fundamentally, a related issue here is to consider the concrete-abstract as a continuum where people develop the ability to span some levels with marketplace exposure and experience and/or with some education. People also have limited ability in moving fluently between different levels of abstractness—an abstract-concrete fluency that is characterized by the range (how abstract the range can get to), how fine-grained the levels are within the range, and how fluently people can move between these levels. For example, based on how isolated communities are, the range may be small as may be the distinctions made within the range. With very little experience as a consumer and minimal consumption as well as limited education and the ability to access informational resources, different levels of abstraction in terms of the notion of a customer may be limited to buying. Within this narrow range, there may be no distinctions made. In contrast, in urban areas where a consumer culture has pervaded, gauging quality or value as a customer, i.e., higher level abstractions, may take on added meaning. The fluency in moving between different levels of abstraction may also be higher.

Concrete thinking encompasses how concepts are interpreted, how pieces of information are combined, and also how causal inferences are drawn. A flat causality may often be evident due to limitations in engaging in abstract thinking and hierarchical causal analysis. For example, in the health domain, symptoms may be equated with underlying conditions and difficulty in discerning the role of multiple underlying causes. Thus, deeper understanding of *why* in addition to what and how may be impacted. Pushing this notion further, the degree to which, if A happens B will happen, assumes certainties in different realms of life. In poverty contexts where uncertainty can arise from such factors as random violence, natural disasters, health epidemics, and so forth—such causality between variables may not hold. On the other hand, complex causality may be employed in social realms in relationally rich cultures in analyzing situations that pervade the immediate such as, say, negotiating the forest and understanding interconnectedness in nature for rural or tribal communities. These realms are typically a central facet of the local culture and the relationally rich fabric that are learned, transmitted, and evolved together. Within this socially and spatially bound realm, individuals may possess knowledge at different levels of abstraction, may have fine-grained levels of abstraction, and may be fluent in moving between levels of abstraction. However, whereas exchange may be a notion that people experience in day-to-day life, abstract-concrete fluency may not extend to notions such as businesses and value chains that are beyond the realm of immediate exposure and experience. In summary, concrete thinking, a fundamental cognitive tendency relating to abstractions appears to manifest in different ways across cultural contexts.

Pictographic Thinking

Another cognitive tendency has been referred to as pictographic thinking (Viswanathan et al., 2005), a qualitatively different level of dependence on the visual, sensory mode. Examples include viewing alphanumeric text, such as brand names of medicine names or bus numbers, as images, or imagining quantities needed for specific usage situations (e.g., sugar to bake a cake) rather than dealing with units of measurement, and even counting pictographically by picturing dollar bills. Pictographic thinking, in turn, manifests differently across cultures. In advanced economies, the need to negotiate a text-based information-rich environment leads to a number of pictographic approaches relating to brand names, brand signatures and logos, prices, and instructions. In developing contexts, pattern matching and recognition of icons on packages are used, as symbolic, information-rich interfaces represent a departure from the relationally rich 1-1 interactional settings. An example is in comparing what the medical shopkeeper provides as medicine with a doctor's prescription in terms of pattern matching the first letter to confirm, a function that is performed through intermediary technology in advanced economies. Pattern matching the number on a bus is another example in developing contexts, reflecting a rudimentary level of literacy. The environments where pictographic thinking occur are also very different in terms of being alphanumeric-information-rich in advanced economies and relationally rich (and natural environment-rich in rural areas) in developing contexts. Stimuli in day-to-day life in turn affect the nature of pictographic thinking in different settings (e.g., traffic signs, brand logos, and money amounts in advanced economies).

Relationally rich cultures offer a stepping-stone for learning and development through 1-1 interactions. In fact, abstractions may be well developed in realms that are conducive to learning through the social. By definition, such learning is socially and spatially bound. Countering such relational richness is material poverty and the lack of access to marketplaces or to the related consumption domain. Thus, the degree to which relational richness can enable development of marketplace literacy is tempered by access and exposure to the marketplace—in a sense trading off traditional with consumer culture.

Feeling and Coping

This stream has also focused on affective aspects. Mundane shopping experiences may be fraught with anxiety due to lack of literacy in addition to lack of income (Viswanathan et al., 2005). Thus, asking for assistance in locating products and checking what the actual price is may often seem humiliating, and completing mundane tasks may be cause for celebration. Consumers may trade-off reducing anxiety and feeling comfortable for price, shopping where employees make them feel welcome. Here, considering the societal consequences of stigma (Goffman, 1963), the stigma associated with lack of literacy may well be higher than the stigma associated with lack of income, as the former is often the attributed cause of the latter. This aspect may vary across cultures—the stigma associated with low income may be relatively lower in cultures with widespread poverty and higher in advanced economies. In a sense, there are two distinct worlds and two marketplaces in developing contexts. But the stigma associated with lack of literacy may be more pronounced across cultures, often perceived as the underlying cause for low income and one's state in life. This may be particularly the case in cultures where stigma extends beyond the individual and reverberates across social networks, such that entire networks are threatened or devalued in society (Lee, Lee, Chiu, & Kleinman, 2005; Yang et al., 2007). In this regard, it is noteworthy that the large middle class in terms of buying power often referred to in the literature about emerging countries, such as India and China, refers to the upper middle class in many ways. The wide spectrum of low and lower middle income often engages in the shopping arenas of small shops, street vendors, and open marketplaces.

In an advanced economy where interactions are in formal markets and emphasize transactions, low-literate, low-income consumers may feel particularly isolated. Along with exposure to consumer culture is the assumption that consumers are supposed to know what to do whether it be in self-service, reading package and other information, or completing transactions. Technology to scan and compute totals and complete financial transactions is one facet as is information disclosure in forms that assume certain levels of literacy. In advanced economies where formal markets dominate, there is often this one type of market. In contrast, in developing contexts where cultures emphasize social relations, there are two distinct markets, the other marketplace catering to customers in widespread poverty, based on 1-1 interactions and relationships. In such cultural contexts, the emotional aspects (i.e., empathy) and the personalization of sales interactions become more relevant (Winsted, 1997).

The affective dimension also may differ across cultures. For example, in cultures where the social elements and interactions with people are important, the emotional quotient of relating socially may be paramount. The affective element can accentuate the cognitive as well. For instance, in subsistence contexts overlaid with widespread conflict, the affective dimension may combine with the cognitive dimension to fixate on the immediate. Coming from a violent past and afraid of contemplating a future, refugees in settlements may be focused on the immediate present. Thus, the affective can compound the cognitive and the material constraints to lead to a focus on the immediate. In these settings, low-literate, low-income refugees leave behind their socially and culturally embedded marketplace literacy as well, when compared to those with higher education levels.

Coping as a result of low income and low literacy may also manifest in a variety of ways across culture—occurring in and as a result of information-intensive, transaction-oriented versus interaction-intensive, relationship-oriented marketplaces. In advanced economies with one distinct formal marketplace for the most part, low levels of literacy may result in extreme dependence and a tendency to hide one's low literacy in an environment that assumes a certain level of literacy. In developing contexts, a relationally rich context and a distinct marketplace may be more amenable to coping although low literacy is often exploited by experienced individuals in a 1-1 interactional setting that can be a double-edged sword. Coping has been described in terms of avoidance (e.g., avoid large stores) versus confrontative (e.g., seek help) and problem versus emotion focused (Viswanathan et al., 2005). As a broad generalization, in developing contexts, perhaps more confrontative approaches are used as a result of the 1-1 interactional context and the two distinct marketplaces, whereas more avoidance-based approaches are used in advance economies. This is only in a relative sense as the same issues can be seen in a variety of contexts. Emotion-focused approaches are also apparent in advance economies as low-literate individuals can be isolated in settings that assume literacy. On the other hand, in developing contexts with more widespread poverty, there is a distinct marketplace for low-income consumers where low literacy is more pervasive.

Learning Across Cultures with the Bottom-Up Approach

A bottom-up approach (Viswanathan, 2016) is suited to working across cultures in low income in a variety of ways wherein methods are evolved iteratively as we gain understanding of different contexts. As noted, each context is different and variations require bottom-up understanding. Having country-based teams with local team members from the communities enables research, education, and social enterprise. This space has to be negotiated through deep understanding of local culture.

In our own work, with our bottom-up approach spanning research, education, and outreach, we begin by understanding individuals and communities through research. We approach each context as being distinct and don't assume we have the answer, such as a specific educational program. Rather, we aim to customize or even create from scratch. Over time, there is learning and generalization of our material. Interestingly, the biggest difference between our program content is in what we do in the USA versus everywhere else, perhaps reflecting the formal economy and transactional settings with stores and other service providers for the most part versus other contexts where the informal and the formal work side by side or there is little or none of the latter.

We also encounter differences in the degree to which groups of women or men work collectively toward a common purpose, reflecting traditional concepts in cross-cultural research such as collectivism and individualism. We find differences across countries and also within countries in urban versus rural settings in the willingness to work with each other in groups for the larger common purpose versus preferring to work on one's own.

Some examples illustrate the cultural factors discussed. With tribal communities, as anywhere, we strive to do no harm while attempting to do some good. A question we have discussed with members of our community is in potential harm to culture. We are reassured when people tell us that "they used to be cheated with the same transactions before and now they are not." Another aspect in tribal communities that we encounter, well documented in anthropological studies (e.g., Mackie, 1982), is the emphasis on cooperation over competition, where equal sharing happens among many women for instance. Working with this wonderful sentiment while also achieving goals has to be a careful and thoughtful process.

Money and culture come into play, again documented extensively in anthropology and related disciplines (Maurer, 2006). In some settings, money is expected and the concrete organizing principle for the "contract" for trainers and participants that interestingly cuts across varying cultural norms. In other places, payment is not discussed as a central dimension. Such variation happens even within the same tribe in different locations. A variety of factors play a role here. Speculating, marketplace exposure particularly to formal sector markets and transactions is one aspect. But governmental and NGO practices in terms of payment have large influences as well. In one sense, the economic and the cultural could be viewed as diametrically opposite and in another, they are side by side.

Understanding Consumption Using the Bottom-Up Approach

In considering our findings about subsistence marketplaces, aspects such as the role of women in different cultures, or food and rituals vary greatly even within the same regions, as documented extensively in the entire field of anthropology and in related disciplines. However, cognitive and affective underpinnings seem to generalize to some degree and yet manifest in different ways (e.g., concrete thinking can lead to focus on price in one context and the biggest size in another setting where distances are vast). This emphasizes even more the importance of a bottom-up approach to understanding culture. When considering domains of subsistence, some domains such as food and sanitation are particularly imbued in idiosyncratic cultural practices.

Research to date in the USA versus developing contexts points to interesting similarities and differences. Similarities as noted earlier relate to cognitive predilections and decision-making. We speculate that marketplace literacy (i.e., functional literacy in the marketplace) is generally higher for low-literate, low-income individuals in developing contexts when compared to advanced economies. Individuals learn from the relationally rich, one-on-one interactional setting. In developing contexts, individuals often deal with vendors and judge projects and count money on their own. People seek advice from others on the street. Generic products have to be judged through direct sensory evaluation rather than through package information presented in text form. In contrast, a typical context in advance economies for consumers involves large chain stores with nutritional information on packages and technology for computing totals. Ironically, the environment in advanced economies is rich in symbolic information and technology but not conducive for low-literate, low-income consumers to develop skills.

In developing contexts with a shopping culture that is people centric, consumer skills also develop from being sellers as a means to survive, rather than being an employee playing a specific role in a large organization. Experience comes from buying and selling. Being a seller means learning to bargain, count, and complete transactions, learning that can be used as consumers as well. Being a buyer or a seller, a customer or an entrepreneur, are two sides of the same coin. The motivation to start an enterprise is to have the means to basic consumption, and the means to do so is through shared learning from customer and entrepreneur alike in a 1-1 interactional marketplace. More severe income constraints also mean that learning to be a better customer comes from more severe necessity.

In fact, in the USA, being low literate and with low income can be quite isolating in terms of marketplace interactions. Dependence on others and other such coping behaviors are used to negotiate a marketplace that assumes a certain level of literacy. Lacking the 1-1 interactional marketplace that can be used as a stepping-stone in other cultural contexts, the ironic outcome may be relatively lower marketplace literacy despite access to a variety of retail outlets and a consumption culture. As noted earlier, coping may also emphasize avoidance and an emotion-focus in advanced economies relative to developing contexts, the latter having distinct marketplaces where low literacy and low income is more pervasive among consumers.

Our bottom-up approach is also conducive to understanding what individuals living in subsistence marketplaces strive to sustain (Viswanathan, Jung, Venugopal, Minefee, & Jung, 2014). Individuals strive for survival (basic physiological needs), relatedness (to others and to their environment), and growth (if not for themselves then for their children). They negotiate the environment in terms of the immediate to the far. Different geographies and cultures lead to vast differences in what constitutes the immediate, and what people relate to.

Juxtaposing Cross-Cultural Research with Poverty and Literacy

Zimbardo's work on simulating prisons shows how the situation can overwhelm other sources of influence including enduring traits. Sometimes, poverty contexts can be so overwhelming that the situation also overwhelms culture. On the other hand, in the face of extreme poverty aspects of culture may sustain as well. Poverty circumstances can be so stark that adherence to some cultural norms are weakened whereas adherence to other norms are strengthened. For example, with very severe income constraints, people may completely cut themselves off from following tradition where it involves expenses for say, traditional rituals. On the other hand, poverty can strengthen the cultural norms that bind an immediate circle of people, "If I have nothing, I still have my God, my social group, my relatives."

In subsistence marketplaces, the aspects of culture that provide a safety net may be retained even more strongly. Core beliefs may also be maintained with much greater intensity. But other aspects of culture involving material resources may be forsaken in extreme poverty—such as rituals where monetary or other gifts are needed. As economic issues dominate in extreme poverty, some aspects of traditional culture involving resources take a back seat. In contrast, in contexts of a high level of materialism and economic wealth, traditional culture recedes to a much greater extent.

Literacy, Poverty, and Individualism-Collectivism

Poverty has been related to collectivism (Triandis, 1995; Vandello & Cohen, 1999). Collectivist and individualist values and practices coexist in emerging countries like India (Sinha, Sinha, Verma, & Sinha, 2001). Individualism includes the conception of an autonomous individual and encourages personal initiatives (Triandis, 1989). Collectivism includes the perception of the self as a part of a collective (Triandis, 1989) and supports pursuit of wealth through exploiting one's relational network to mitigate financial risks (Hsee & Weber, 1999) and attain social recognition (Heine, 2001).

A collectivist world-view has been associated with cooperation and coexistence within an in-group (Oyserman, 1993). This sense of a broader in-group pervades the environment of the poor in many developing contexts where camaraderie and empathy based on the need for everyone to make a living is a dominant ethic. As noted, we refer to interactional empathy as one such manifestation in a 1-1 marketplace (Viswanathan et al., 2012). The distinction between relational and group collectivism resonates with the micro-level bottom-up approach to understanding marketplace interactions, wherein elements of both forms of collectivism are reflected in a variety of insights that have been uncovered.

Literacy, Poverty, and Holistic vs. Analytic Cognition

Nisbett, Choi, Peng, and Norenzayan (2001) presented a theoretical model of holistic and analytic cognitive processes. Intellectual traditions in ancient Greece emphasized analytic thought, which can be defined as involving "detachment of the object from its context, a tendency to focus on attributes of the object in order to assign it to categories, and a preference for using rules about the categories to explain and predict the object's behavior. Inference rests in part on the practice of decontextualizing structure from content, the use of formal logic, and avoidance of contradiction" (Nisbett et al., 2001, p. 293). Holistic and analytic cognition possess different dimension such as attention to the field, field dependence, ability to detect covariation, and attribution. As Markus and Kitayama (1991) put it, "If one perceives oneself as embedded within a larger context of which one is an interdependent part, it is likely that other objects or events will be perceived in a similar way" (p. 246). Miller (1984) found that whereas Americans explained another person's behavior predominantly in terms of traits, (e.g., recklessness or kindness), Hindu Indians explained comparable behaviors in terms of social roles, obligations, the physical environment, and other contextual factors.

Overlaying poverty and low literacy, subsistence consumers' reliance on concrete context-dependent thinking limits their ability to use abstract categories and facilitates the use of categories based on contiguity associations. Functionally, low-literate people's increased attention to context–object relationships makes them particularly prone to detect covariations among environmental stimuli when compared to literate consumers. In relationally rich cultures, both low literacy and low income are likely to create interdependence and the 1-1 marketplace is likely to be context rich. Holistic thinking is likely to be a central means to survive in this environment. In advanced economies, low literacy and income may lead to some interdependence but the larger context itself is relatively impersonal and economic relationships are often between an individual and a large organization. These are, again, sweeping generalizations, for purposes of a speculative discussion.

A related issue here is whether low literacy leads to holistic thinking or resembles it in specific ways. Low-literate consumers may exhibit one cognitive characteristic that overlaps with holistic thinking, thematic grouping. Research on low-literate adults has noted "the tendency to reproduce operations used in practical life was the controlling factor among uneducated illiterate subjects" (Luria, 1976, p. 55). Cole and Scribner (1974) further argue that, when memorizing information, low-literate individuals make little use of taxonomic categories and rely on their own groupings to structure their recall. In this regard, pictographic thinking reflects a primitive ability to process information with a one-on-one correspondence to the physical world that is available to the senses (Viswanathan et al., 2005), rather than the symbolic world that develops with literacy (Havelock, 1963). Low literacy in the USA in a consumer realm leads to pictographic thinking or concrete thinking, the latter often reducing to a single manageable attribute, price, in the face of overwhelming information. In contrast, decision-making and purchase for low-literate, low-income individuals in developing contexts needs to be relatively holistic, incorporating a number of factors such as evaluating generic products and tending to human relationships. Therefore, the degree to which low-literate, low-income individuals are capable of engaging in holistic thinking in the context-rich environment they are in may vary across cultures. For example, low-literate, low-income individuals in the USA may show some parallels with holistic thinking but may revert to concrete thinking on specific attributes.

On the one hand, individuals may think focally (or locally) when they construe consumption as an economic act (using very limited financial resources to meet their basic needs). Thus, they don't look at global product attributes when they make consumption decisions. On the other hand, following search, actual interactions may be inherently holistic, factoring in human relationship in addition to economic exchange in their exchange interaction. In contrast to a relationally rich setting which is relationship-intensive, interactions may be relatively less holistic in transaction-intensive contexts in advanced economies.

Findings on negotiated fate belief in subsistence marketplaces provide an interesting counterpoint. Negotiable fate acknowledges unalterable fate and attributes state in life to external factors (Au et al., 2011; Chaturvedi, Chiu, & Viswanathan, 2009), However, distinct from fatalism, negotiable fate endorses active coping in working around "irremovable" constraints (Au et al., 2011). In a context that is very resource constrained, belief in negotiable fate has been shown to be stronger among those with lower literacy even within a narrow range of low to moderate literacy (Chaturvedi et al., 2009). For this sample, belief in negotiable fate was positively related to engaging in decontextualized judgment and rule-based categorization. Speculating on these findings, perhaps a belief in negotiable fate leads to a focus on personal agency despite resource constraints. Moreover, it can lead to a focus on key factors for overcoming resource constraints and surviving. Identifying rules to gain some control in the face of overwhelming uncertainty may support the grass roots entrepreneurship we observe in these settings. Isolating one or a few dimensions and focusing on them exclusively is also compatible with concrete thinking. In summary, there are a number of interesting lines of research to unpack the elements of holistic versus analytic thinking that occur with low literacy and income.

Conclusion

The bottom-up approach adopted in the stream of work on subsistence marketplaces is at the confluence of traditional culture, low income, and low literacy. It provides insights that stem from both horizontal and vertical comparisons across cultural groups and socioeconomic status. The bottom-up approach is particularly suited to studying cultural issues in that it begins at the micro-level of individuals, consumers, entrepreneurs, households, and communities. This approach provides both at the marketplace level and in terms of individuals' thinking, feeling, coping, and relating, more granular insights than those afforded by broad-level conceptualizations based on individualism and collectivism.

In comparing cultures and contexts, we highlight the continuum of marketplace exposure and access ranging from isolated tribal communities, to rural communities, and urban communities. The lack of marketplace exposure is closely associated with extreme levels of low income and lack of consumption. However, we also describe 1-1 interactional settings characterized by intense, personal interactions, relationally rich while being materially poor, overlapping with what has been described as relational collectivism (Brewer & Chen, 2007). At the other end of the continuum in advanced economies, we describe high exposure and access to marketplaces, and consumption cultures, but lack of relationally rich 1-1 interactional settings that provide a stepping-stone to learn. Relational construals in terms of representation, relational interdependence in terms of agency beliefs, and interpersonal harmony and reciprocal exchange in terms of values (Brewer & Chen, 2007) resonate with the 1-1 interactional marketplace we describe. Pervasive interdependence and orality in terms of the larger context, enduring relationships and interactional empathy in terms of the relational, and fluid transactions, buyer–seller responsiveness, and constant customization in terms of exchange are aspects of this 1-1 interactional marketplace. We also describe the blurring of marketplaces with the larger social milieu in many cultures, the latter covering aspects of what have been described as relational and group collectivism.

Cognitive tendencies such as concrete thinking and pictographic thinking manifest in different ways across cultures ranging from advanced economies to urban, rural, and tribal settings in developing contexts. Focus on a single, concrete attribute due to difficult with abstractions may manifest in such ways as buying the cheapest or buying the biggest. Concrete thinking also manifests in understanding concepts and inferring causality. Pictographic thinking relates to depending on the sensory and is influenced by marketplace exposure—in information-rich settings in advanced economies versus relationally rich settings. Relational richness can moderate cognitive tendencies, such as concrete thinking, in terms of focusing on an attribute such as price, as relationships and trust influence purchase in such settings. As told by a Masai woman, relationships are important and we must buy from the same shop.

We discuss affective elements as well—as mundane shopping encounters can take on much significance and involve self-esteem for low-literate, low-income consumers. In this regard, the stigma that a culture associates with low literacy and low income is germane. Low literacy can lead to stigma as it is often the cause of low income. In cultures in developing contexts with widespread poverty, there are two distinct markets, and the markets for those with low income have a 1-1 interactional character to them.

We also discuss behavioral aspects in terms of a variety of coping strategies. These strategies manifest differently in a variety of settings. For instance, in advanced economies, we observe extreme dependence on close relatives and sometimes, store employees. In developing contexts, individuals interact with a variety of people in seeking information. Again, the behavioral tendencies manifest in different ways depending on the information rich, transactional-oriented versus relationally rich, relationship-oriented marketplaces.

In the arena of sustainability, we discuss how a bottom-up perspective on sustainability involves survival, relations to others and to the environment, and growth, if not for oneself but for the next generation. Ironically, low-literate, low-income consumers in an advanced economy may have lower marketplace literacy (functional literacy in the marketplace) than in a developing context for a variety of reasons that include information-intensive transaction-oriented versus interaction-intensive relationship-oriented marketplaces, the former assuming certain levels of literacy whereas the latter offering relationally rich pathways to learn and participate.

We also discuss how marketplace literacy is socially (and therefore, culturally) embedded. This is starkly displayed for low-literate refugees who are displaced from their context and thus leave behind their socially (and culturally) embedded marketplace literacy.

Our bottom-up view of subsistence marketplaces at the confluence of culture, low income, and low literacy provides interesting directions for future research when viewed with cross-cultural frameworks such as individualism-collectivism and holistic-analytic thinking. In a sense, the subsistence marketplaces stream is more atomistic in unpacking elements of marketplace interactions, while overlapping with types of collectivism. For instance, elements of holistic and analytic thinking resemble what low-literate, low-income customers engage in as customers in negotiating the marketplaces. In conclusion, the intersection of culture, poverty, and literacy that defines subsistence marketplaces offers important insights as well as avenues for future research—moving horizontally in terms of culture and vertically in terms of socioeconomic status. The bottom-up approach that characterizes the subsistence marketplaces stream is ideally suited to understand distinct markets, relationally rich yet materially poor contexts, and diverse cultures at an atomistic level and aggregate insights to develop broader understanding.

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Chapter 10
Methodological Issues in Cross-Cultural Research

Hans Baumgartner and Bert Weijters

Introduction

With markets becoming increasingly globalized, cultural issues are taking a more central place in consumer psychology and business research. Two key motivations lead researchers to engage in cross-cultural research. First, researchers tackle questions of generalizability, aiming to find out whether theories and models initially developed and validated in one culture (typically the US) hold in other cultures as well (Dawar & Parker, 1994). Researchers often hope to establish "strong theories" or "universals" that are generally valid and are not limited to a specific (cultural) context (Dawar & Parker, 1994; Laczniak, 2015). Second, in case models and theories are found not to be universal, the research focus shifts to questions of differentiation, aimed at identifying and explaining differences in multivariate relations of interest across different groups of consumers, where the grouping is oftentimes defined by national culture (Steenkamp, 2001). Whether the research goal is to establish universals or to identify and explain cross-cultural differences, researchers need cross-culturally equivalent measures to realize their research goals. Making measurements comparable across different cultures has proven to be very challenging, however. In this chapter, key methodological challenges in cross-cultural research will be discussed, with a focus on issues related to threats to the cross-cultural comparability of survey data and possible solutions in terms of survey design and data analysis. Our emphasis will not be on sampling, data collection, and survey

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administration issues (see Usunier, van Herk, & Lee, 2017). Rather, we focus on the rapidly evolving literature studying differences in the way people interpret and respond to questions, the biases that can result from these differences, and the procedures researchers can use to prevent or control for these biases. We will distinguish two major strategies for enhancing cross-cultural comparability. First, we describe a priori methods to ensure the comparability of data in cross-cultural surveys, especially in terms of survey design (including translation). In particular, we will discuss cross-cultural differences in the psychology of survey response, the consequences of these differences, and ways of dealing with them in the survey design stage. Second, we discuss post hoc methods to ascertain data comparability and enable comparisons in the presence of threats to equivalence, focusing on data-analytic issues.

Cross-Cultural Psychology of Survey Response and A Priori Survey Design Recommendations

To provide structure to our discussion, we distinguish between five key cognitive processes that are part of responding to survey questions (Tourangeau & Rasinski, 1988; Tourangeau, Rips, & Rasinski, 2000) and that have been found to be culture-specific at least to some extent (Schwarz, Oyserman, & Peytcheva, 2010): (1) comprehension (how people interpret the questions and specific concepts within them); (2) information retrieval (what information respondents recall from their memories in response to survey questions); (3) judgment (how respondents aggregate or summarize the information they retrieve); (4) response mapping (how participants map an internal judgment onto the response options that are provided); and (5) response editing (how participants alter their response in order to project a favorable image). These processes need not occur in a fixed sequence and may partially overlap. Also, even though we discuss specific cultural biases under each process, this mapping is far from perfect. Nevertheless, the model provides structure to the discussion and helps to organize a somewhat fragmented literature. In particular, under (1) comprehension, we discuss how subtle differences in the translation of items may lead to non-equivalence; under (2) retrieval, we explain culture-specific question context effects, where respondents' interpretation of what information is relevant for a given question is partly driven by other questions in the survey; under (3) judgment, we point out that responses to reversed items tend to be differentially problematic for respondents from certain cultural backgrounds; under (4) response mapping, we describe differences in response styles related to culture and language; and under (5) response editing, we look at cultural differences in socially desirable responding.

Comprehension: Item Translation

A key aspect of comparability is coming up with translations that make instructions and survey items equivalent in meaning across cultures. Typical questionnaire items consist of two parts: the stem of the item presenting the statement or question to which the respondent is asked to react, and the response scale used for recording the answers. Translation issues occur for both parts. We will focus on question design here and return to the issue of response scale translation in the section on response mapping.

Literal translations of a word sometimes do not relate to exactly the same concept across languages. Davidov, Meuleman, Cieciuch, Schmidt, and Billiet (2014) report some examples, including the case where tolerance toward immigrants involved in crime seemed to be much higher in Denmark than in other European countries. This ran counter to prior expectations based on electoral data, and it turned out to be due to an idiosyncratic translation of the word crime (which had a much broader meaning in Danish, because it included mild offenses such as violations of traffic rules). Weijters, Puntoni, and Baumgartner (2017) also give the example that a commonly used verb such as "(to) like" may not have equivalent counterparts in some other languages, including the French alternative "aime(r)" (which could mean to "like" or "love," thus creating ambiguity). To partially circumvent such problems, Weijters et al. (2017) propose the principle that formulating key concepts in several distinct ways makes it possible to triangulate crosslinguistic variations in meaning. If multiple items related to the same construct all use different terms to refer to the same concept, measurement invariance testing (discussed in detail later in this chapter) can help identify nonequivalent translations. Using at least three linguistically distinct measures of the same construct is desirable, because group-differences can be triangulated (Smith, 2004b; Smith, Mohler, Harkness, & Onodera, 2005; Weijters et al., 2017).

A common approach for obtaining equivalent questionnaires across languages is the translation/back-translation procedure (Brislin, 1970). The method entails the following steps: (1) design a questionnaire in a source language; (2) translate it to one or multiple target languages by bilingual native speakers of the target languages; (3) translate the result back to the source language by bilingual speakers of the source language; and (4) resolve incidental differences based on a comparison of the initial and the back-translated questionnaire.

Back-translation is helpful in identifying translation issues, but it cannot guarantee meaning equivalence across languages (Davidov et al., 2014; Douglas & Craig, 2007; Okazaki & Mueller, 2007). It has been suggested that a more collaborative approach may be preferable (Harkness, Braun, et al., 2010; Harkness, Edwards, Hansen, Miller, & Villar, 2010; Harkness, Pennell, & Schoua-Glusberg, 2004). Douglas and Craig (2007) propose the following steps: (1) a committee tries to come up with equivalent key concepts to be used in the questionnaire; (2) two independent translators translate the questionnaire into the target language; (3) the translated questionnaire is pretested; and (4) the translation and pretesting steps are repeated until equivalence is realized. This means that translations are assessed in terms of comprehension, clarity, and coverage. Qualitative pretests typically yield richer insights into translation issues, but quantitative pretests can help identify potentially problematic items in terms of internal consistency and/or factor structure (including measurement invariance, as discussed later). Relative to back-translation, this iterative collaborative procedure will typically require more resources. Also, it demands participation from a team of researchers who have extensive experience with questionnaire design and the languages involved. For example, in the so-called TRAPD team translation approach

(TRAPD stands for Translation, Review, Adjudication, Pretesting, and Documentation) translators, reviewers, and adjudicators work together to produce a target instrument from a source instrument (Harkness et al., 2004).

A guiding principle in designing cross-culturally valid questionnaires is *decentering*. Decentering is defined as the simultaneous development of the same instrument in several languages and/or cultures from the initiation of the project. This requires researchers to transcend their reference frame (including the idea of a source language), as opposed to practicing what has been called "research imperialism or safari research" (Smith, 2004b). A decentered approach also demands the cooperation of researchers who have a background in each of the languages (Smith, 2004b; Van de Vijver & Leung, 1997). Although decentering has some obvious advantages, it is difficult to implement when a survey has to be developed in many different languages, as in the European Social Survey (Harkness & Schoua-Glusberg, 1998). Some readily implementable suggestions related to item wording to facilitate translation are provided by Brislin (1986), including the following: avoid metaphors and colloquialisms; use short, simple sentences in active voice (rather than passive voice); repeat nouns instead of using pronouns; use specific rather than general and/or vague terms; and avoid complex sentence structures, such as subordinate clauses and adverbs and prepositions specifying "where" or "when" (see also Van de Vijver & Hambleton, 1996).

Retrieval: Question Context Effects

Surveys constitute a form of information exchange situated in a social setting to which certain conversational norms apply (Schwarz, 1999; Schwarz et al., 2010). Most surveys contain multiple questions addressing related issues. For instance, a survey may probe satisfaction with different life domains such as academic achievement, marital satisfaction, and overall life satisfaction. When answering such questions, respondents will try to figure out what information they are supposed to recall for each of them. They will try to provide information that is deemed relevant but not redundant with answers to other related questions (Schwarz, Strack, & Mai, 1991), in line with conversational norms (Grice, 1975).

When constructs are related in a part-whole sequence (e.g., when an item related to satisfaction with an aspect of life is followed by an item related to general life satisfaction), several mechanisms are at play. First, priming effects make the content retrieved in response to an item more accessible when retrieving content related to another item encountered later in the survey. This will result in higher consistency in responses (Salancik, 1984). Second, however, when questions are perceived as being related to each other, conversational norms of non-redundancy disallow repeatedly using and reporting the same information. Consequently, survey participants tend to interpret a general question as referring to aspects other than the ones covered by a preceding specific question (Schwarz et al., 1991). But if several specific questions precede the general question, the general one will be interpreted as requesting a summary judgment.

Context effects like these are primarily driven by respondents' motivation to adhere to conversational norms and meet the researcher's expectations. Norm adherence and the extent to which people are motivated by others' expectations are partly culturally driven. For example, it has been argued that people in collectivistic cultures tend to have a more interdependent self-construal, defining themselves mainly in terms of their place in social networks and in relation to others, whereas people in individualistic cultures tend to have more of an independent self-construal, defining themselves mostly as autonomous individuals (Gardner, Gabriel, & Lee, 1999; Markus & Kitayama, 1991; Oyserman & Lee, 2008). Since attentiveness to others is more likely to be a self-defining goal when the self is thought of as interdependent with others (vs. independent of others), respondents from collectivistic cultures are believed to be more attentive to others and consequently more sensitive to context effects (Schwarz et al., 2010). In a priming experiment, Haberstroh, Oyserman, Schwarz, Kühnen, and Ji (2002) demonstrated that people with an interdependent self-construal were more likely than independence-primed participants to take the recipient's knowledge into account by avoiding to provide redundant information in a self-administered questionnaire. They then replicated these findings with participants from relatively more individualistic (Germany) and collectivistic (China) cultures. In this study, respondents answered questions on academic satisfaction and life satisfaction. If the life satisfaction question preceded the academic satisfaction question, no redundancy issue occurred, and correlations in both samples were very similar (both close to .50). However, when the academic satisfaction preceded the life satisfaction question, the correlation was .78 among German respondents, but only .36 among Chinese respondents. Such cultural differences in context effects are worrisome because they can result in spurious cultural effects. Researchers who are not aware of the cultural specificity of question context effects may erroneously conclude that culture moderates a relation of interest, while in truth all that was moderated was the relation between responses to survey questions (not the latent construct the researcher aims to represent).

Clearly, researchers need to be aware of the way respondents interpret questions and the specific information that respondents retrieve to answer them. To avoid unintended idiosyncratic context effects, we suggest that researchers use the following preventive approaches: (1) provide explicit instructions on what is and what is not relevant to the question(s) at hand; (2) experimentally manipulate item context and incorporate item context effects as moderating variables into the conceptualization of research and in empirical models; and/or (3) conduct cognitive interviews to investigate the interpretation of survey items in all the cultures involved in the research.

Judgment: Reversed Item Bias

Once respondents have retrieved information from their memories, they need to somehow make a selection of what is and what is not relevant to the question at hand, and formulate a summary judgment. Evidence suggests that this process too is subject to cultural influences. In particular, when reversed items are used, East-Asian respondents have been found to show a tendency to agree with both the original items and their reversals. In a study among over 800 adults from the United States, Singapore, Thailand, Japan, and Korea, Wong, Rindfleisch, and Burroughs (2003) show that the cross-cultural measurement equivalence and construct validity of a materialism scale is threatened by the inclusion of reversed items. They establish similar problems with other scales that contain reversed items in a survey among approximately 400 Americans and East Asians. Wong et al. attribute this tendency to East Asians' Confucian belief system, which encourages dialectical thinking, compromise, and a tolerance of contradictory beliefs. In line with this, Hamamura, Heine, and Paulhus (2008) argue that compared to those of European heritage, individuals of East-Asian heritage tend to exhibit greater ambivalence in their responses.

In sum, in surveys that include both Western and East Asian respondents, a valid comparison of survey answers may be hampered by differences in the extent to which the two groups of respondents tend to agree with reversed items. This can result in incomparable factor structures and measurement models, and even spill over to estimated relations between constructs, thus resulting in spurious moderating effects of national culture. However, since the use of (non-negated) reversed items can encourage better coverage of the content domain of a construct, and since in the absence of reversed items it is impossible to distinguish between non-substantive and substantive agreement (Weijters & Baumgartner, 2012), simply omitting reversed items is not a meaningful solution. What to do then?

Wong et al. show that an interrogative scale format (e.g., "How do you feel about people who own expensive homes, cars, and clothing?", rated on a scale from do not admire to greatly admire) lessens the problems introduced by reverse-worded items and thus enhances the cross-cultural applicability of such scales. We therefore recommend that researchers who collect data from Western and East Asian respondents reformulate scales in an interrogative format and subject them to pretesting before starting the actual study. In addition, including a factor that captures inconsistent responding to reversed items can be helpful in correctly modeling the data (Weijters, Baumgartner, & Schillewaert, 2013), although more work is needed to validate cross-cultural versions of such models.

Response: Culture and Response Styles

Once respondents have formulated an internal judgment in response to a survey question, they need to map this judgment onto the response options that are provided to them. This is where response styles come in, defined as respondents' disproportionate use of certain response categories regardless of item content. Most notably, respondents may make disproportionate use of the response categories on the positive side (acquiescence response style, or ARS) or negative side (disacquiescence response style, or DARS), the extremes (extreme response style, or ERS), or the middle of the scale (midpoint response style, or MRS).

If survey data from different cultures are differentially contaminated by response styles, the comparability of the data is compromised (Baumgartner & Steenkamp, 2001). The reason is that the survey responses would vary across cultures even if there were no true differences in the latent constructs they intend to measure (or vice versa). In addition, differential response style bias can cause spurious differences in univariate distributions as well as multivariate relations, including factor structures, correlations, and regression weights. Thus, researchers may make erroneous conclusions in cross-cultural comparisons.

Cross-cultural differences in response styles have received much more research attention than the other cross-cultural biases we have discussed so far. Below, we point out some key findings discovered in this extensive literature.

First, research has established quite consistent response style differences between ethnic subcultures even within a single country (Bachman & O'Malley, 1984; Hui & Triandis, 1989; Marín, Gamba, & Marín, 1992). Together, these results stress the importance of taking into account cross-cultural differences even within countries, as response styles can vary as a function of differences in language use (Bachman & O'Malley, 1984), levels of acculturation (Marín et al., 1992), as well as response strategies and preferences (Morren, Gelissen, & Vermunt, 2012). Cognitive interviews with respondents from varying cultural or ethnic backgrounds can help researchers identify and avoid potentially ambiguous questions (Morren et al., 2012).

Second, many studies have reported response style differences between countries, and this has resulted in a consensus that response styles show cross-cultural variation (Baumgartner & Steenkamp, 2001; De Jong, Steenkamp, Fox, & Baumgartner, 2008; Johnson, Kulesa, Cho, & Shavitt, 2005; Van Herk, Poortinga, & Verhallen, 2004; Van Rosmalen, Van Herk, & Groenen, 2010). Some studies have compared response styles for two or a small number of countries (see Harzing, 2006, for an overview of several such studies). Others have tried to relate cross-national response style differences to other cross-national variables, including cultural dimensions, in multi-country studies (Chen, Lee, & Stevenson, 1995; De Jong et al., 2008; Harzing, 2006; Johnson et al., 2005; Smith, 2004a; Van Herk et al., 2004). Based on an extensive review of this literature, Baumgartner and Weijters (2015) conclude that the findings on cross-cultural variation in response styles are most consistent for individualism-collectivism: Individualism is negatively associated with (N)ARS and MRS, and tends to have a positive relationship with ERS, whereas there is less consistency across studies for the other dimensions.

Third, experimental research can provide stronger evidence about, and deeper insights into, the mechanisms leading to cross-cultural response style differences. Cabooter, Millet, Weijters, and Pandelaere (2016) experimentally replicate the finding that people with an independent self-construal generally answer more extremely to survey items than those with an interdependent self-construal, and they demonstrate that this holds especially when the items are self-relevant and processed more fluently. Self-concept clarity drives the effect of self-construal on extreme responding: People with an independent self-construal have a higher level of self-concept clarity, and greater clarity induces higher ERS.

Finally, it is important to bear in mind that in many cross-national studies on response style differences, language effects need to be entertained as potential alternative explanations. Language relates to response styles in two major ways. First, respondents vary in terms of the level of fluency with which they use a language. Harzing (2006) shows that responding to a survey in one's native language results in lower MRS and higher ERS than taking the survey in English (as a second language). Furthermore, second language fluency positively relates to ERS and negatively relates to MRS. Apparently, language competence makes respondents more willing to respond more extremely, possibly because they feel more confident. Interestingly, in surveys dealing with emotions, de Langhe, Puntoni, Fernandes, and van Osselaer (2011) demonstrate a tendency for respondents to report more intense emotions when evaluating consumption experiences and products on rating scales that are not expressed in their native language. This "Anchor Contraction Effect" (or ACE) occurs because bilinguals perceive emotional scale anchors in their nonnative language as less intense than the same emotional anchors in their native language. Because ratings are typically provided relative to these scale anchors, second language rating scales yield more extreme ratings. To circumvent this nonequivalence, de Langhe et al. (2011) offer some suggestions. The most appropriate solution is to make sure that all respondents answer questionnaires in their native language. But in two studies, de Langhe et al. (2011) also demonstrate the effectiveness of using emoticons or colors. Emoticons are recommended for measuring specific emotions, in particular basic emotions that can be easily portrayed with stylized facial expressions. Colors are most suitable for abstract or complex emotional concepts (such as pity or emotionality). Unfortunately, associations between colors and emotions are partly culture-specific, so colors may be vulnerable to cross-cultural differences in interpretation (Hupka, Zaleski, Otto, Reidl, & Tarabrina, 1997).

A second link between language and response styles is that language can affect responses via nonequivalent response category labels (such as strongly disagree and disagree). Researchers need to pay special attention to the issue of designing response scale formats that are cross-culturally and crosslinguistically equivalent, because often a common response scale is used throughout the questionnaire, which can introduce systematic between-group biases (Weijters, Baumgartner, & Geuens, 2016; Weijters, Geuens, & Baumgartner, 2013). Consider a situation in which a researcher uses the response category label "strongly agree" in English and is wondering how to translate this label into French. One option would be "fortement d'accord," which is a literal translation with presumably similar intensity, but which does not sound familiar in French. Another option would be "tout à fait d'accord" (literally "completely agree"), which is somewhat more intense, but which sounds much more familiar in French. In a series of studies, Weijters, Geuens, et al. (2013) show that response categories with labels that do not sound familiar in a given language will be endorsed less frequently. The intensity of the label is less impactful, so if researchers need to trade off crosslinguistically equivalent familiarity with equivalent intensity, familiarity overrules intensity. If unfamiliar labels are used for the response scale endpoints in one language, this may suppress univariate and multivariate response distributions, which can result in spurious crosslinguistic differences. Since language is often confounded with culture, such differences can easily be misconstrued as evidence for substantive cross-cultural variation. This is especially true since measurement invariance testing is often unable to detect uniform bias (i.e., bias that is the same across multiple items, which is typically the case with response scale effects) (Weijters et al., 2016).

Editing: Culture and SDR

When answering survey questions, respondents sometimes report what makes them look good rather than what is true. This phenomenon is referred to as Socially Desirable Responding (SDR) (Steenkamp, De Jong, & Baumgartner, 2010). Since, as pointed out by Baumgartner and Weijters (2015), perceptions of what looks good depend on prevailing cultural norms, it follows that cross-cultural differences in SDR are likely to exist.

SDR is not a one-dimensional construct. Probably the most important distinction is that between egoistic response tendencies, where respondents overestimate their own agency-related capabilities, versus moralistic response tendencies, where respondents project an image of themselves that optimally aligns with social norms. Steenkamp et al. (2010) show that these dimensions correspond, respectively, to the self-deceptive enhancement (SDE) and impression management (IM) dimensions in the Balanced Inventory of Desirable Responding, which was developed and validated by Paulhus (1991). Both aspects of SDR can unconsciously emerge in the absence of situational demands to project a positive image, but can additionally be strengthened in response to situational pressures such as high stakes contexts, public disclosure, or questions related to sensitive topics (Steenkamp et al., 2010).

SDR tendencies have been found to be associated with national culture, most importantly individualism/collectivism. Lalwani, Shavitt, and Johnson (2006) show that collectivism is positively related to impression management, whereas individualism is positively related to the self-enhancement component of SDR. Steenkamp et al. (2010) also find that IM is higher in collectivist countries than in individualist countries, but they find a negative relation between individualism and egoistic response tendencies. Uskul, Oyserman, and Schwarz (2010) make a further distinction between Confucian-based collectivist cultures and honor-based collectivist cultures. The former emphasize fitting in and saving face, the latter emphasize positive presentation of self and one's in-group. Uskul, Oyserman, Schwarz, Lee, and Xu (2013) compare SDR among participants from a culture of modesty (China), a culture of honor (Turkey), and a culture of positivity (USA), who rated their own or someone else's success in life. The scale format was also manipulated to imply a continuum from failure to success (−5 to +5, i.e., bipolar scale format) or varying degrees of success (0 to 10, i.e., unipolar scale format). Response patterns depended on the interaction of culture and rating format. Uskul et al. (2013) conclude that "Americans, sensitive to the possibility of negativity, rated all targets more positively in the bipolar condition. Chinese were modesty-sensitive, ignoring the implications of the scale, unless rating strangers for whom modesty is irrelevant. Turks were honor-sensitive, rating themselves and their parents more positively in the bipolar scale condition and ignoring scale implications of rating strangers."

To conclude, we suggest some guidelines in order to minimize cross-cultural biases due to SDR. First, where this is possible, anonymity should be optimized and clearly communicated to respondents to reduce the motivation for SDR. Second, questions need to be pretested to assess their vulnerability to SDR and adapted if necessary. Third, where this is useful and feasible, questions can be worded indirectly, for instance by referring to a third person form (Fisher, 1993; Luchs, Naylor, Irwin, & Raghunathan, 2010). Finally, if a socially sensitive topic is the focus of the survey, researchers should consider using specifically designed measurement techniques such as the bogus pipeline (Roese & Jamieson, 1993), item randomized response (De Jong, Pieters, & Fox, 2010), or the Dual-Questioning-Technique Design (De Jong, Fox, & Steenkamp, 2015).

Post Hoc Methods to Ascertain Data Comparability and Enable Comparisons in the Presence of Threats to Equivalence

Although the approaches discussed so far attempt to ensure the comparability of data in cross-cultural research, they are not always successful. It is thus necessary to employ post hoc methods to evaluate whether the responses obtained from participants in different cultures are sufficiently comparable. Sometimes, these tests will show that the data are lacking in equivalence, in which case corrections have to be applied to the raw data. Some of the more common post hoc approaches will be discussed in this section.

Measurement Invariance Modeling for Continuous or Quasi-Continuous Data

Prior to conducting cross-cultural comparisons, researchers should routinely test whether the data can be meaningfully compared across cultures. We will start with the confirmatory factor analysis (CFA) approach to testing for configural, metric, and scalar measurement invariance, which is applicable to continuous or quasi-continuous data and most useful when the number of groups to be compared is relatively small.

Most constructs used in cross-cultural research are sufficiently complex that multiple observed measures are needed to adequately capture the construct of interest. If multiple measures are available, a measurement analysis based on the confirmatory factor model can be conducted, provided that the data are reasonably well-behaved (i.e., there are at least five distinct response categories so that the assumption of continuity is not too grossly violated and the distribution of the data is roughly bell-shaped so that the normality assumption is somewhat reasonable). The conventional measurement model considered here assumes that the observed responses are a reflection of the underlying construct or latent variable of interest (i.e., observed responses are a function of the posited latent variable), although unique sources of variance (measurement error) may also contribute to observed responses. For a discussion of the formative measurement model, in which the indicators are thought to cause the construct and which is not covered here, see Baumgartner and Weijters (2017) and the references cited there. Formally, the factor model can be specified as follows:

$$x^g = \tau^g + \Lambda^g \xi^g + \delta^g \tag{10.1}$$

In this equation, $\boldsymbol{x}$ is an $I \times 1$ vector of observed or manifest variables x_i (also called indicators), $\boldsymbol{\xi}$ is a $J \times 1$ vector of latent variables (or common factors) ξ_j, $\boldsymbol{\delta}$ is a $I \times 1$ vector of unique factors δ_i, which are usually treated as measurement error, $\boldsymbol{\Lambda}$ is an $I \times J$ matrix of factor loadings with typical elements λ_{ij}, which represent the strength of the relationship between the x_i and ξ_j, and $\boldsymbol{\tau}$ is an $I \times 1$ vector of equation intercepts τ_i. The superscript g refers to group g. This model differs from the usual factor model in two ways. First, it extends the single-group model to multiple groups, which is particularly useful in cross-cultural research, where researchers are often interested in studying the similarities and differences in the measurement of constructs or relationships between constructs across cultures. Second, the model includes intercepts, which are not always necessary but which are required if comparisons of means of variables and constructs are to be conducted across cultures.

The model in Eq. (10.1) is very general, but usually a more restricted version (the so-called congeneric measurement model) is considered in which each observed variable is hypothesized to load on a single factor (i.e., $\boldsymbol{\Lambda}$ contains only one nonzero entry per row) and the unique factors are uncorrelated (i.e., $\boldsymbol{\Theta}$ is diagonal). To identify the model and set the scale of the latent factors, one loading per factor is specified to equal one (the observed variable for which this is done is called the marker variable or reference indicator). In addition, and again for purposes of identification, the intercept of each marker variable is set to zero (in which case the means of the latent variables, which are usually called $\boldsymbol{\kappa}$, can be freely estimated), or the intercepts of corresponding marker variables in different groups are set to be equal across groups and the latent factor means are restricted to equal zero in one of the groups (the reference group); the remaining latent means then express the difference in means compared to the reference group. A graphical illustration of a two-group model for two constructs, each measured by three indicators, is shown in Fig. 10.1.

The most basic requirement for conducting meaningful comparisons of constructs across cultures is that the factor structure underlying a set of observed measures be the same. This is called configural invariance. If configural invariance holds, it means that the number of common factors is the same in each culture and that a given observed variable has the same pattern of loadings on the constructs in the model (e.g., a nonzero loading on the target construct and zero loadings on nontarget constructs). Configural invariance is tested by specifying the same factor model in each group and ascertaining whether this model fits adequately in each group.

If quantitative comparisons are to be conducted, stronger forms of invariance have to hold. Specifically, as explained in Steenkamp and Baumgartner (1998), if the strength of relationships between constructs is to be compared across cultures

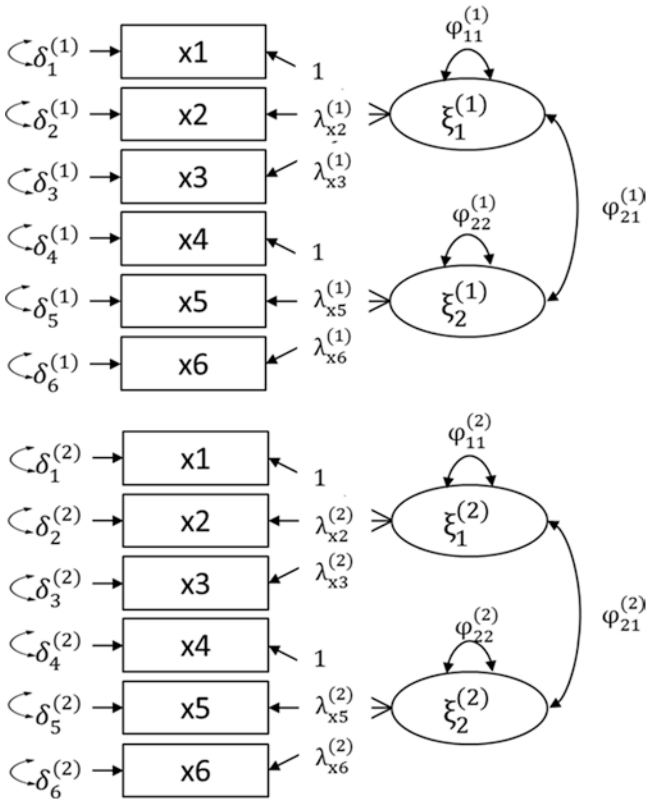

Fig. 10.1 Illustrative two-factor model for two groups of respondents

(e.g., a researcher may want to study whether the effect of attitudes on behavioral intentions is stronger in an individualistic than in a collectivistic culture, whereas the effect of subjective norms is stronger in a collectivistic than in an individualistic culture), metric invariance has to be satisfied. This means that the factor loadings of corresponding items have to be the same across the groups to be compared (e.g., in the two-group case, $\lambda_{ij}^{(1)} = \lambda_{ij}^{(2)}$). If, on the other hand, a researcher wants to compare the means of constructs across cultures (e.g., a researcher may want to study whether ethnocentric tendencies are stronger in a collectivistic than in an individualistic culture), then scalar invariance has to hold. This means that, in addition to the factor loadings, the intercepts of corresponding items have to be invariant across groups as well (i.e., $\lambda_{ij}^{(1)} = \lambda_{ij}^{(2)}$ and $\tau_i^{(1)} = \tau_i^{(2)}$).

It frequently happens that metric or scalar invariance holds for some of the items but not for all of them. That is, the indicators of a given construct satisfy partial but not full metric or scalar invariance. This is fine as long as metric or scalar invariance holds for at least two items per construct (see Steenkamp & Baumgartner, 1998). Obviously, it is preferable if invariance holds for most, if not all, indicators of a construct, because in that case one can have greater confidence that the construct means the same, and can be measured similarly or identically, in all cultures to be compared.

To statistically test metric or scalar invariance, chi-square difference tests are usually used. For metric invariance, the fit of the model of equal loadings is compared to the fit of the configural invariance model. For scalar invariance, the fit of the model of equal loadings and intercepts is compared to the fit of the metric invariance model. If invariance of a given kind holds, the fit of the more restrictive model should not be significantly worse than the fit of the more general model. If full metric or scalar invariance is rejected, the modification indices (which indicate how much a restricted parameter hurts model fit) can be used to identify invariance constraints that have to be relaxed. In addition to chi-square difference tests, alternative fit indices are sometimes used to ascertain whether invariance of a given type holds, but unfortunately the criteria used to judge differences in fit of competing models are somewhat arbitrary. Steenkamp and Baumgartner (1998) and Vandenberg and Lance (2000) provide additional detail on invariance testing.

Measurement Invariance Modeling for Ordinal Data

Research has shown that even when the data are not strictly continuous, the conventional confirmatory factor analysis is reasonable as long as there are at least five distinct response categories and the spacing of the categories approximates an interval scale. If these conditions are not met, procedures specifically designed for ordinal (including binary) scales have to be employed. In the so-called item response theory (IRT) approach, the assumption is that the observed response is a discretized version of an underlying continuous response, which has to be recovered from the observed responses. If the underlying continuous response falls between a particular lower and upper threshold, then one will observe a response in a certain scale category. The task in IRT is to find the thresholds that mark the boundaries between the response categories. Since the item intercepts and thresholds cannot be identified simultaneously, the intercepts are generally set to zero. In addition to the thresholds, the model also contains slope parameters similar to factor loadings, which are referred to as discrimination parameters in IRT (see Baumgartner & Weijters, 2017, for a discussion, as well as the references cited there). Invariance testing is similar to the continuous case, except that one examines the equivalence of the thresholds and slope parameters across groups (Meade & Lautenschlager, 2004; Millsap & Yun-Tein, 2004; Reise, Widaman, & Pugh, 1993). The situation where thresholds and/or slopes are not the same across groups is called differential item functioning in IRT.

In practice, invariance testing is more complex in the ordinal case. First, assessing model fit is less developed in IRT modeling. For example, commonly used alternative fit indices, which researchers generally rely upon to assess model fit heuristically, are not available in IRT. Second and most importantly, it is more difficult to assess metric and scalar invariance and to determine which items violate metric and/or scalar invariance, in part because model modification indices are unavailable. If the data can be treated as continuous, it is much simpler to use conventional invariance testing, but unfortunately this is not always possible (e.g., if the observed data are binary).

Measurement Invariance Modeling for a Large Number of Groups and Other Recent Extensions

In principle, it is possible to conduct invariance tests across many different groups. For example, one of the authors has tested for metric and scalar invariance of three constructs measured by a total of 25 items across 28 different countries. However, although the testing procedure can be automatized to some extent (e.g., by using the automatic model modification procedure in LISREL), it is rather cumbersome and often challenging. Furthermore, the many data-driven, sequential model modifications that will likely occur in this process raise the very real possibility that the search procedure will not identify the most appropriately constrained model and that the final model will be idiosyncratic to the data set at hand. Thus, the invariance testing procedure described in the previous section is only practicable for a relatively small number of countries or cultures (say up to 10).

As an alternative, Asparouhov and Muthén (2014) have proposed the so-called alignment method. This method consists of two steps. In the first step, a configural invariance model is estimated in which no restrictions on the loadings and intercepts are imposed but the factor means are set to zero and the factor variances to one in all groups. The restrictions on the factor means and variances are necessary to identify the model. This model will have the same fit as the configural model described earlier. In the second step, the factor means and variances are freed, but in order to identify the model a so-called simplicity function is optimized, which minimizes the degree of non-invariance between all loadings and intercepts. Essentially, the factor means and factor variances are compared under the highest degree of measurement invariance possible. Whether or not this degree of measurement invariance is sufficient for meaningful comparisons is another question. However, when the number of groups to be compared is large and the factor model is reasonably complex, approximate measurement invariance may be the best one can hope for, and comparisons based on the alignment method should be preferable to results obtained assuming complete invariance or complete non-invariance.

Another recent extension of invariance testing is the consideration of a random effects specification for the loadings and intercepts (Asparouhov & Muthén, 2012; Muthén & Asparouhov, 2013). In the conventional invariance testing approach, the loadings and intercepts are assumed to be fixed, in the sense that a given item is assumed to have a certain loading and intercept in a particular group, which are to be estimated based on the sample at hand. If there is measurement invariance, then the loadings and intercepts will be equal in different groups. With a random effects specification, the loadings and intercepts have a certain mean and variance across all groups, the groups for which data are available are a sample of all possible groups, and the means and variances of the loadings and intercepts are estimated based on the sample of groups available. Measurement invariance implies that the variability in loadings and intercepts across all groups is small. The random effects specification leads to a two-level factor model in which there is both within-group and between-group variation in the loadings and/or intercepts. In the most general case, both the intercepts and loadings are allowed to vary across groups. Measurement invariance no longer means that the loadings and intercepts are equal across groups, but that the measurement parameters have a common mean and variance and that the variability of the loadings and intercepts across groups is small. Again, it is not clear whether approximate measurement invariance is sufficient for meaningful comparisons across groups, but for a large number of groups a random effects specification may be an attractive model. Furthermore, as described in Muthén and Asparouhov (2013), the consideration of alternative measurement model specifications enables a host of interesting comparisons, such as random intercepts and nonrandom loadings that vary within and between groups, measurement invariance with equal within- and between-group loadings, and random intercepts and random loadings (De Jong & Steenkamp, 2010; De Jong, Steenkamp, & Fox, 2007; Muthén & Asparouhov, 2013).

In summary, several important developments have occurred in the literature on invariance testing in recent years. Although practical applications of these techniques are still uncommon, the increased access to large data sets from many different cultures and the ready availability of computer programs to estimate these models makes it likely that these approaches will be used more in cross-cultural research in the near future.

Individual-Level Correction Procedures

The focus of invariance testing is on ascertaining whether the data are suitable for cross-cultural comparisons. Subsequent analyses, in which construct means or relationships between constructs are compared across cultures, can then be based on models that are appropriately constrained across groups (e.g., only items that actually exhibit metric or scalar invariance are restricted to have invariant loadings or intercepts, so model misspecifications can be avoided). Although invariance testing does not correct for violations of measurement equivalence per se, cross-cultural comparisons at the construct level are based on the items that are invariant across cultures, so the comparisons are valid. However, one important prerequisite is that a sufficient number of items be cross-culturally comparable, as explained earlier, otherwise comparisons of interest may not be justified.

An alternative is to assess potential causes of nonequivalence and correct for them explicitly. Two types of biasing effects have been discussed in the literature (Baumgartner & Weijters, 2015). On the one hand, there are systematic response tendencies that are more or less independent of the content of the substantive items that the researcher is interested in. The most important of these response styles are various systematic scale usage differences such as (dis)acquiescent, extreme, and midpoint responding (Baumgartner & Steenkamp, 2001). On the other hand, there are systematic response tendencies that depend on the content of the substantive items but do not accurately reflect what the researcher is trying to measure with these items. The most well-known of these responses biases is socially desirable responding (SDR), where people's responses are motivated by a desire to present a favorable image of oneself (Steenkamp et al., 2010).

Specialized scales are needed to assess SDR, but scale usage differences due to (dis)acquiescent, extreme, and midpoint responding are often measured based on the substantive items themselves. This is attractive because no additional questions have to be included in the survey. A popular correction procedure is within-person standardization (or mean-centering) of the data across (preferably) many different items, for example, all the items to be compared across cultures (Fischer, 2004). More sophisticated versions of this general idea have been proposed as well (Rossi, Gilula, & Allenby, 2001). In general, we advise against the use of these methods because substance and style cannot be clearly separated when the substantive items themselves are used to assess differences in scale usage. However, there is one important exception to this recommendation. If content-based responding is different from stylistic responding, then basing response style measures on the substantive items may be justified. For example, if there are both regular and reversed items, ARS can be assessed based on the number of agreement responses to both regular and reversed items before recoding the reversed items. For instance, in a scale measuring consumer ethnocentrism, a respondent high in ethnocentrism should disagree with an item such as "I like buying foreign products" if the response were driven by substantive considerations, but might agree with the same item if the response were driven by acquiescence. Thus, substantive and stylistic responding can be distinguished even though the same item is used to assess both. Unfortunately, even this method may be problematic in cross-cultural research because, as discussed earlier, research shows that some cultures (e.g., collectivistic cultures) may respond to reversed items differently than other cultures (e.g., individualistic cultures). In general, independent control items should be used to assess and correct for scale usage differences on substantive items (see the next section for a more extended discussion).

Regardless of whether one wants to control for systematic scale usage differences or SDR, the approach is the same. First, the systematic response tendency that is hypothesized to bias people's substantive responses has to be measured (based on independent control items or an SDR scale). Second, the observed responses are purified by regressing them on the measure of systematic response tendencies and the residuals from this regression are then used in subsequent analyses. Alternatively, the measure of systematic response tendencies can be included as a control variable in the analysis of interest. As discussed in Podsakoff et al. (2003), it is best to do the correction at the individual item level. One disadvantage of using an overall measure of systematic response tendencies is that measurement error in the assessment of systematic response tendencies is not taken into account. If this is important, then the Representative Indicators Response Style Means and Covariance Structure (RIRSMACS) approach suggested by Weijters, Schillewaert, and Geuens (2008) can be used. In this case, multiple indicators of a given response style (or other systematic response tendencies of interest) are included in the model and a confirmatory factor analysis is used in which each individual indicator is related to both the underlying substantive factor and the response style factor, which is measured by multiple items. It is also possible to include multiple biasing influences if appropriate measures are available. Recently, several authors have also suggested more complex approaches that do not assume linear effects of the response styles (Kankaraš, Moors, & Vermunt, 2010; Morren, Gelissen, & Vermunt, 2011).

The correction procedures described in this section assess stylistic response tendencies at the individual-respondent level, and the control for systematic response biases also occurs at the respondent level. If there are systematic differences in biased responding across cultures, then cross-cultural differences are taken into account implicitly as well, although the correction is at the individual-respondent level. Since it is likely that there are both individual-level and culture-level determinants of systematic response tendencies, it is advantageous to control for both. However, if response biases are thought to occur primarily between different cultures, it may be sufficient to control for systematic response tendencies at the group-level only. Such an approach is described next.

Group-Level Correction Procedures

Weijters et al. (2016) recently proposed a technique called the calibrated sigma method, which corrects for scale usage differences at the group level. The approach is an extension of the sigma method suggested by Likert (1932), in which he introduced what is now known as Likert scaling. The idea is simple. Assume that a researcher uses a five-point scale with response categories of strongly disagree, disagree, neither agree nor disagree, agree, and strongly agree to assess the extent of people's (dis)agreement with a series of statements designed to measure a construct of interest. Normally, consecutive integers ranging from 1 to 5 (or maybe −2 to +2) are used to code people's responses. This coding assumes that respondents treat the five response categories as an interval scale and, more importantly and probably more questionably, that respondents from different countries understand and use the scale in the same way. Likert noted that the numbers assigned to people's responses need not be equally spaced, and that different sets of numbers could be assigned to scale responses. Weijters et al. further proposed that the weights used to weight people's responses should be based on independent control items which are (a) unrelated to the substantive constructs being measured and (b) unrelated to each other. The first requirement ensures that scale usage differences are not confounded with substantive differences; the second requirement ensures that the weights derived from the control items reflect pure scale usage differences, not substantive differences based on what the control items have in common.

The calibrated sigma method involves the following steps. First, the questionnaire has to contain a number of control items that are heterogeneous in meaning. For example, the 16-item scale proposed by Greenleaf (1992) to measure extreme responding may be used for this purpose (although it should be noted that little evidence is available that this scale is equally appropriate across cultures). Cross-cultural researchers may be hesitant to include so many control items in their surveys, when the purpose of these items is solely to control for differences in scale usage, but unfortunately this is necessary unless prior research has shown that the substantive items used in the survey are free of scale usage differences in the cultures of interest (which is rarely the case). Second, the proportion of responses in response category *k* is computed across all control items and all respondents within group *g*. Third, the proportions are converted into normal scores. Fourth, the original responses are weighted in a group-specific way using the normal scores obtained in the previous step (see Weijters et al. for a worked example of the method and additional detail). Weijters et al. report an illustration in which they compared Dutch- and French-speaking respondents on the construct of Need for Predictability. When participants' responses were coded 1 to 5, the French-speaking sample had a higher mean Need for Predictability than the Dutch-speaking sample. However, when the raw scores were re-weighted using the calibrated sigma method, the difference vanished, consistent with theoretical expectations that there should be no difference in Need for Predictability between Dutch- and French-speaking Belgians.

The calibrated sigma method has the following advantages. First, since the correction is done at the group level and the normal scores used to re-weight the raw scores are computed across many items and respondents, the procedure should be highly reliable. In contrast, if the correction is done at the individual level, it may not be very accurate. Second, the method is very easy to use. Third, it can be applied even when the number of cultures to be compared is large (say, more than 20). Fourth, it is effective even when systematic bias is uniform across items, in which case measurement invariance testing would not be able to detect the bias. Fifth, the weights may be based on previous studies or a subset of respondents, so that the control items need not be administered to the entire sample, which is the most serious drawback of the procedure.

Conclusion

In this chapter, we discussed various methodological issues that commonly arise in cross-cultural research. The overriding concern is usually how to conduct meaningful comparisons across cultures. We discussed both a priori questionnaire design principles based on the psychology of survey response that researchers should consider before they collect data and post hoc data analysis strategies that should be used when responses are actually compared across cultures. Both approaches should be routinely applied when research involves multiple cultures, and we hope that following these guidelines will contribute to greater validity of cross-cultural comparisons.

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Chapter 11
Multilevel Cultural Issues

Hester van Herk and Ronald Fischer

Introduction

Research on marketing and consumer issues is focused on the thoughts, choices, and preferences of individuals. If we want to understand how people decide what to buy, we as researchers have no other choice but to ask people about their opinions, preferences, and rationalizations of their buying decisions. Yet, if individuals are influenced in their thoughts, decisions, and behavior not only by their personal, individual opinions and decision-making processes but also by what others around them think and do, we face a theoretical and ultimately a methodological problem. A convenient shortcut in much of contemporary cross-cultural research is to focus on the geographical location in which an individual is located, a region or a country, and to then examine how the placing of an individual in this specific location influences his or her thoughts and opinions.

More often than not, we can find that geography matters: individuals are not islands but are influenced by what a multitude of others around them think and do. As soon as an individual is not independent from others anymore in their thinking and behavior, these interdependencies need to be studied and understood in order to help us recognize how this might influence the very process of consumer preferences that we are interested in. Equally important, if we decide to ignore these interdependencies, the data is still influenced by these social interdependencies, which can dramatically influence the statistical properties of the data and lead to

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incorrect conclusions about the thoughts and decisions of individuals. In this chapter, we focus on these multilevel processes and how these processes might be broken down and understood.

The historic roots of studying multilevel issues are in education science, where children are grouped in classes belonging to schools (Burstein, 1980). Children in one class then share variance due to having the same educational program, the same teacher, and the same physical location. Organizations show similar properties. In organizations, individuals are nested in teams, which are nested in departments, which are nested in organizations, which in turn belong to industries. These dependencies in natural groupings are important to consider and in the last years it has become common to take this structure into account when analyzing data. By the mid-1990s, the number of multilevel studies in management research had substantively increased (Hitt, Beamish, Jackson, & Mathieu, 2007). In cross-national management studies, multilevel analyses became more prevalent. In cross-cultural psychology, the challenges when drawing inferences about individuals from macro-level relationships have received substantial attention, and this has been a classic issue of debate that has shaped the foundations of international business research (Hofstede, 1980; Hui & Triandis, 1985; Van de Vijver & Leung, 2001; Van de Vijver, Van Hemert, & Poortinga, 2008).

In contrast, the consideration of multilevel issues in marketing and consumer research is relatively uncommon. One of the first studies explicitly paying attention to the multilevel structure of the data is the study by Steenkamp et al. in the Journal of Marketing (Steenkamp, ter Hofstede, & Wedel, 1999), focusing on national and individual antecedents of consumer innovativeness. Several multilevel studies were added in the years that follow, but still the number of studies is less than one would expect. The reason for this might be twofold. First, this can be due to the appropriateness of multilevel study designs. The number of cross-national samples included in consumer research and marketing is comparatively low; the majority of studies covers two to four samples and studies with more than ten nations are scarce (He, Merz, & Alden, 2008). Studies with this number of samples might be underpowered for multilevel studies. However, in the last decade, the number of studies covering a large number of nations is increasing. Most of the multilevel studies in consumer research include between 11 and 30 nations (e.g., Akdeniz & Talay, 2013; Morgeson, Mithas, Keiningham, & Aksoy, 2011; Steenkamp & De Jong, 2010; Steenkamp & Geyskens, 2006; Walsh, Shiu, & Hassan, 2014). A notable study is by Martin and Hill (2012), in the Journal of Consumer Research, covering 51 nations using data from the publicly available World Values Survey (WVS). With the increase of multi-country studies in consumer research, studies employing a multilevel design are likely to increase.

A second reason for the relatively low number of multilevel studies in consumer research might be the perceived complexity of the methodology. Erkan Ozkaya et al. (2013) conducted a literature review on multilevel studies in strategy, business, and marketing and suggested a lack of standardization of the fundamental methodological issues. An overview article explaining the method, as exists for structural equation modelling (e.g., Steenkamp & van Trijp, 1991), is lacking. Availability of such an article would familiarize nonspecialists with the method and motivate them to use it (Wieseke, Lee, Broderick, Dawson, & Van Dick, 2008). However, the scarce use of the method does not mean that theories that concern different levels do not exist in marketing or consumer research. For instance, products are nested in product categories, and salespeople are nested in teams that are nested in organizations, and consumers are nested in countries or cultural groups.

Levels of Analysis

Multilevel models require at least two levels, such as the national level and the consumer level. There are three aspects of multilevel models (Van de Vijver, Van Hemert, & Poortinga, 2008). First, they have hierarchical levels. Second, there should be a relation between the levels in that consumers are affected by the higher-level (cultural) context (top-down influence), or the actions of actors at the individual level affect the higher-level constructs (bottom-up influence); or that the relationship between variables at either level is strengthened or weakened by variables at the other level. Third, the concepts at the two levels are either intrinsic or derived. Intrinsic concepts are concepts at their original level, for example variance in individual scores on a well-being scale is explained by individual-level well-being and differences in luxury car sales between countries by national wealth. Derived concepts refer to data collected at one level and used at another level. Derived concepts can be either aggregated or disaggregated. When a concept is measured at the individual level, it can be aggregated to the country level; for instance, scores on individual well-being can be aggregated to obtain national-level well-being scores. There is disaggregation when scores at the higher level are used to describe observations at the lower level. For instance, individuals can be described by national characteristics such as the national score on individualism-collectivism (Hofstede, 2001) or GDP per capita.

When concepts are aggregated, their meaning needs not be similar. Suppose, in a nation about 1% of the women is pregnant; disaggregating this fact would imply that each women is 1% pregnant which makes no sense. Pregnancy is a dichotomous variable: a woman is either pregnant or not pregnant. When (dis)aggregating researchers need to think about the validity of this decision.

Another issue is the nature of the relationship between variables when moving from one level to another level. Van de Vijver et al. (2008) define two kinds of relationships to describe the link between individual level and nation level: isomorphic and non-isomorphic. When there is an isomorphic relationship, there is a monotonic function describing the relationship between the levels. When there is a non-isomorphic relationship, individual and cultural aspects do not have the same structure (p. 9). We will elaborate on isomorphism and non-isomorphism in the sections below.

Major Types of Multilevel Models

Multilevel models are quite diverse. The two most common types of multilevel statistical models are multilevel models or hierarchical linear models (MLM or HLM) and multilevel structural equation models. The first kind of model can be considered a form of multiple regression analysis in which the nested structure of the data is taken into account; such models are known as hierarchical linear models, mixed models, or random coefficient models (Bryk & Raudenbush, 1992; Goldstein, 2011; Kreft & de Leeuw, 1998). The second kind of model combines structural equation modelling with MLM and enables testing for equivalence of factor structures across levels or multilevel models including not only moderation, but also mediation effects (Mehta & Neale, 2005; Muthén, 1994; Preacher, Zhang, & Zyphur, 2016).

In conventional multilevel modelling, the research question focuses on whether a hypothesized relationship at the individual level is affected by variables at the higher level. In Table 11.1, some examples of variables at the level 1 (individual level) and level 2 (nation level) are shown. In a top-down model, the variables at level 2 affect variables and relationships at level 1. The top-down model is the most commonly used in marketing and consumer research. The higher-level context effects can be main effects on the dependent variable, as well as cross-level moderation effects (see Fig. 11.1). For example, we could use national-level variables taken from secondary data sources such as national statistical agencies (GDP per capita, urbanization grade, number of households with electricity), websites or books (e.g., Hofstede's cultural dimensions) and test whether they directly affect individual-level variables on attitudes, beliefs, and behaviors, that are collected via surveys. An example is research on the individual-level poverty—well-being relationship (Martin & Hill, 2012) for which the authors used large cross-national samples of consumers at the bottom of the social hierarchy in 51 countries worldwide. Results show that moderation effects occur as nation-level variables change the relationship between variables at the individual level. For example, national (societal) level impoverishment not only directly affects consumer well-being, but also negatively moderates the poverty well-being relationship. In other words, poverty has stronger negative effects on well-being in more impoverished nations.

Table 11.1 Example of variables at different hierarchical levels of analysis

Hierarchical level	Example of hierarchical level	Variable
Level 1	Consumer	Gender
		Age
		Well-being
		Ethnocentrism
Level 2	Country	GDP per capita
		Individualism
		Societal-level impoverishment
		Regulative system

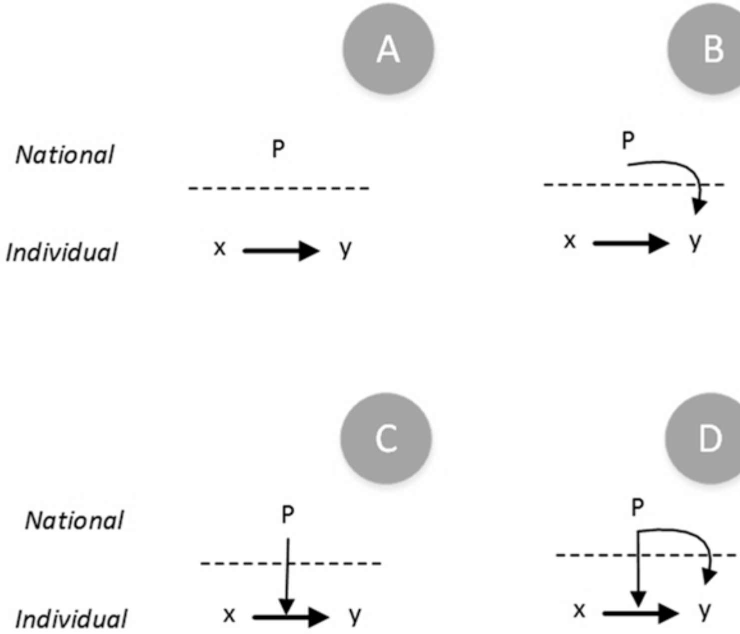

Fig. 11.1 In the Figure, *x* is an independent variable at level 1, *y* is the dependent variable at level 1, and *P* refers to a variable at level 2. In (A) all groups at level 2 are analyzed separately; in (B) there is a direct effect of the level 2 variable on *y*; in (C) there is a cross-level moderation; and in (D) both a direct effect of the higher level as well as a cross-level effect is present

Theoretical Perspective

Data with a nested structure such as data with respondents from several nations can be analyzed without taking into account the hierarchical nature of the data. In the retrospective review article by Kirkman, Lowe, and Gibson (2017), two such approaches are mentioned that have become less prevalent, but are still present in the field. First, the "passport approach" (Taras et al., 2011), in which researchers allocate nation-level culture scores to individual observations. In doing so they implicitly assume that all individuals in a nation have the same (average) cultural values. This coarse approach not only reduces variance in cultural values between individuals, but also is misleading as there is quite some within country variation in values. Fischer and Schwartz (2011), Taras, Kirkman, and Steel (2010), and Taras et al. (2011) mention that at best 15% of variance in human values is shared variance due to culture; the majority of variance is due to individual differences. Second, researchers may simultaneously analyze respondents from many nations worldwide considering them as independent observations and ignoring the shared variance individuals from the same nation may have. This approach reduces the standard errors and may result in Type 1 errors (rejecting the null-hypothesis of no relationship, even though it is true). Multilevel models overcome these problems with nested data structures.

The oldest approach to overcome these problems has been conventional multilevel modelling which resembles multiple regression, but takes into account the nesting of individuals in countries. Importantly, MLM allows the researcher to specify that both intercepts (so-called “intercepts as outcomes” models) and slopes (“slopes as outcomes” models) can differ across higher levels. In other words, it can be tested whether the means vary between countries (intercepts) and/or whether correlations between variables vary between countries (slopes). When there is enough variation in intercepts or slopes, theory can be used to determine which variables may explain the differences between the higher levels. For example, in Steenkamp et al. (1999), differences in consumer innovativeness across nations are explained by differences in national cultural individualism and uncertainty avoidance, and the difference in the strength of the relationship between consumer ethnocentrism and consumer innovativeness is explained by individualism. Both differences in intercepts and slopes (cross-level interaction) were theorized to be affected by national cultural differences. Using conventional multilevel modelling in consumer research is becoming more common (e.g., Homburg, Wieseke, & Kuehnl, 2010; Jaspers & Pieters, 2016), but the more recent combination of multilevel models with structural equation modelling is not yet widely used. In business research, Kirkman et al. (2017, p. 14) observed an increase in multilevel research over the last decades (cf. Kozlowski & Klein, 2000), but has not observed a corresponding increase in examining the same structures across levels in a single study.

Multilevel Issues: More than a Simple Correlation

When there is a grouping in the data, this might affect the statistical properties of the data as people within a group share characteristics and thus are not independent of each other. As we have highlighted above, the nonindependence is of key importance in statistical analyses such as regression analysis or analysis of variance. Here we explain in a bit more detail what effect dependence between observations has. Using correlations, we will next explain what dependence of observations means for the inferences we can make regarding differences and similarities between groups and regarding relationships between variables. Researchers are familiar with the basic concept of a correlation. If an individual scores higher than the mean on variable x and then also shows a higher response than the mean on variable y, we say that there is a positive correlation. As the scores on variable x increase, then we expect individuals to also show an increase on variable y. This is very simple. Yet, what happens if it matters whether we take the mean of people in the total sample (e.g., nation) or the mean of people who are located in one’s local town, where the individual is living? If the overall mean in the total sample and the mean of people living in the town are different, then we will find different answers. Figure 11.2 shows one such possible effect. Let’s assume that there are four different towns. Within each town, the relationship is positive. Yet, there are also differences across

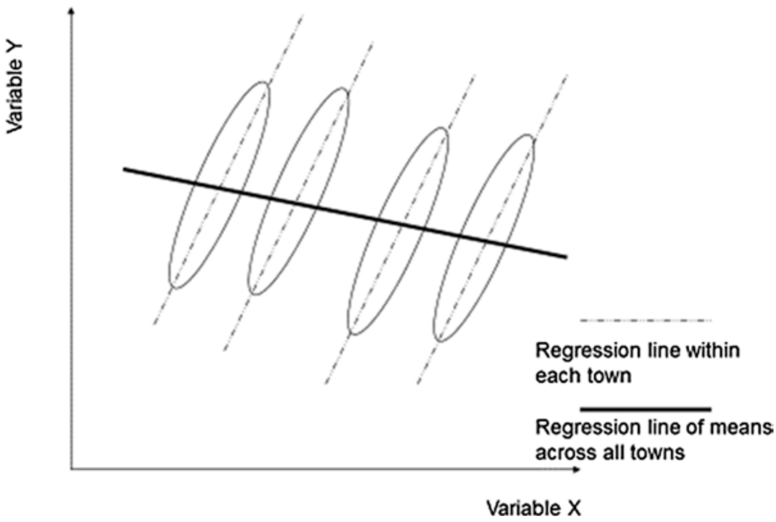

Fig. 11.2 The relative effects within and across towns on the relationship between variables *x* and *y*

towns and if we examine the relationship between variables *x* and *y* across towns, the relationship is negative. Similarly, if we ignore where people are located and analyze the total data set, the relationship is also negative (and therefore reversed from what we would find if we analyzed each town individually). A measure indicating to what extent group members share variance is measured by the intra-class correlation (ICC), which is the ratio of the between-group variance to the total variance. It tells the proportion of the total variance in a variable that is accounted for by the grouping.

Correlations in Nested Structures

Mathematically, any correlation can be broken down into the relative variance that exists for each variable within towns times their correlation that exists on average within each town plus the variance in means of *x* and *y* across towns times the correlation between *x* and *y* that exists across towns (Dansereau et al., 1984). This can be seen as equivalent to the logic of a one-way ANOVA with total variation being equal to the sum of the variation within towns and the sum of the variation between towns.

$$r_{\mathrm{T}xy} = \eta_{\mathrm{W}x}\eta_{\mathrm{W}y}r_{\mathrm{W}xy} + \eta_{\mathrm{B}x}\eta_{\mathrm{B}y}r_{\mathrm{B}xy} \quad (11.1)$$

Equation 11.1 shows the relationship for the total correlation between two variables *x* and y. The total correlation between the two variables *x* and *y* ($r_{\mathrm{T}xy}$) can be broken down into the eta (variance) for each variable within each group ($\eta_{\mathrm{W}x}$, $\eta_{\mathrm{W}y}$)

times the correlation between the two variables within groups (r_{Wxy}) plus the eta (variance) between group means for both variables (η_{Bx}, η_{Bx},) times the correlation between the group means of the two variables (r_{Bxy}). When there is no between-group correlation (r_{Bxy} = 0; no relationship between the distributions of group means), this means that group membership doesn't affect the total correlation. When this is the case, people's responses can be treated as independent.

In other words, both the variability and correlation within towns as well as the variability in means and the correlation between means across towns matter. Therefore, it might make quite a big difference whether we analyze the data of individuals within towns separately or whether we aggregate data from each town and treat the data at the level of towns. The within and between components are independent, so there is no statistical necessity that they show the same relationship. Psychologically, we may question whether they should be different, but statistically we cannot expect that they are.

Obviously, most researchers are not interested in towns, but they might care about differences between regions and they certainly do care about differences between countries (Merino & Vargas, 2013; Steenkamp & De Jong, 2010). Consequently, scholars in marketing and consumer research have discussed multilevel issues extensively in relation to national or country differences.

If the means of groups differ, the correlations might change depending on whether we analyze the relationship within towns or within the total data set. It should be noted that the ICC needs not be very high to affect observed relationships between variables. The ICC indicates the correlation among observations in a group; when the correlation among observations is high (=similarity between observations is high), the effective number of observations within the group decreases and alpha errors increase. For instance, in groups of 100 people, an alpha level of .05 increases to .17 with an ICC of .01 and to .70 when there is an ICC of .20 (Barcikowski, 1981). Further when ICC is substantial (>.20), relations within groups might be masked by the relations between groups. Ignoring the nested structure of data may thus lead to bias. When the relative strength of the relationship of interest is low, as is common in consumer research, an ICC of .01 (or smaller) is large enough to affect standard errors and lead to erroneous inferences.

Aggregation and Disaggregation

As a consequence of the fact that the within-nation and between-nation part of the correlation coefficient are statistically independent, we now face the choice to decide whether we want to treat the data at the individual level (and analyze the data for each nation separately) or whether we treat the data as belonging to the nation level. In the latter case, we need to aggregate the scores. All scores from all individuals within one nation are aggregated (usually by taking the mean) and then each variable is represented by a single score for each nation. For example, if we have 100 individuals who responded to 5 questions and our data set includes data from 20 countries, our original data matrix contains 2000 lines and 5 columns. Once we aggregate to the country level, our data matrix now only contains 20 lines (each line presenting the mean score of the 100 participants in each of the countries) and 5 columns (same as before). Once we have this data matrix, we can analyze the data at the country level, focusing only on the between-nation part of the correlation.

Hofstede (1980) used this approach in his seminal study of culture. He studied responses to a HR survey administered to IBM employees in subsidiaries around the world. This survey was done in the late 1960s and 1970s. Through an eclectic analysis of data aggregated to the nation level, he was able to identify the famous four major dimensions of cultural variability (individualism, power distance, uncertainty avoidance, and masculinity). These scores are now often taken as representing cultural characteristics of nations.

The process can also be used in reverse, with a researcher deciding to disaggregate information from the nation level back to the individual level, by assigning the country score to each individual in the data. For example, national wealth is often a nation-level variable that researchers use to account for the average income of citizens and which contains surplus information about the economic, social, and political development of a population. It might be necessary for a researcher to include a variable at the individual level to control for this wealth-associated difference (e.g., to examine the impact of general societal development on consumer decisions). This researcher could in theory assign the score of national wealth of the country to each individual in the data set from each respective country. Therefore, we would move back from a 20 lines per country to 2000 lines in our data set. Important to note here is that the assigned score will be constant within each country, every respondent from a given country will have the same score (e.g., zero variability within each country). Disaggregation therefore brings the between-nation component to the individual level, but does not allow us to recover the within-nation variability from the total correlation (see formula (11.1)).

As noted above, the scores that Hofstede derived through aggregation of responses by IBM employees have been used to represent national characteristics. If a researcher did not include questions on cultural orientation of his or her study participants, the researcher could in theory disaggregate the Hofstede scores again and assign each individual from a particular nation the national score. As just discussed, this will lead to zero variability within each country. We discuss some of the statistical problems associated with this practice below, but a few issues regarding Hofstede's scores from the 1980s should become immediately obvious. First of all, to what extent do scores collected in a particular sample of employees about 40–50 years ago still represent respondents' (consumers') scores in the twenty-first century? A second issue is that modern nation-states are multicultural and heterogeneous and through worldwide migration are becoming more so over time. A single score assigned to all members of a sample may not do justice to the cultural diversity of nations.

Methodological Perspective

Intercept as Outcomes and Slopes as Outcome Models

In cross-national consumer research involving many nations, a main research question is how the dependent variable is affected by both variables at the individual level and at the national level. The start is a model at the individual level which is the same in all nations in the study. An example of such a model is given in Eqs. 11.2a, 11.2b, and 11.2c.

$$y_{ij} = a_j + b_j x_{ij} + e_{ij} \tag{11.2a}$$

$$a_j = a + cz_j \tag{11.2b}$$

$$b_j = b + dz_j \tag{11.2c}$$

Model (11.2a) can be seen as an OLS regression equation with an intercept (a_j) and slope (b_j) for the independent variable; in model (11.2a) both the intercept and the slope may differ for each nation, this is indicated by the subscript j. These differences can then be explained by variables at level 2 (e.g., the nation level). In Eq. (11.2b) the level 2 variable z_j is used to explain the differences in the intercept across level 2 units, in Eq. (11.2c) the difference in slopes (b_j) at the individual level is explained by variability across groups in variable z_j at level 2.

In multilevel theory, this is called intercepts as outcomes and slopes as outcomes, respectively (Hox, 2010; Kreft & de Leeuw, 1998). When having random intercepts and random slopes, the variance in intercepts and slopes can be explained by variables at the nation level such as economic, regulative, or cultural characteristics.

In multilevel modelling, fixed effects models require fewer observations at the higher level than do random effects models that seek generalizations to populations and are often used to include variables to explain variance at the higher level. Researchers such as Kreft and de Leeuw (1998) and Hox (2010) have made suggestions for sample sizes at the highest level. Kreft (1996) suggests at least 20 observations at the highest level and at least 30 observations per group, and others (e.g., Hox, 2010) recommend more groups at the highest level. However, for the number of observations there is no simple guideline; the number depends on the model, whether there are fixed or random effects to be estimated and on how many variables are included to explain effects at the highest level. In international marketing, the number of studies with ten or more nations is about 10% (He et al., 2008). When the number of nations is considered too low, within-country regions at the highest level might be an interesting avenue to consider (see e.g., van Herk & Poortinga, 2012) as it may substantially increase the number of observations at the highest level, to the extent that the variables of interest vary meaningfully across these within-country regions.

Isomorphism and Homology

The independence of the within and between component of the variance in cross-cultural research opens up a plethora of questions about the similarity or difference of these two components. When researchers are using constructs at a higher level (society) to make inferences on phenomena at a lower level, these constructs need to have the same meaning. For instance, at the societal level a positive relationship between GDP per capita and happiness has been established: the population in wealthy nations is happier than the population in poor nations. However, does that mean that also at the individual level a higher income means being more happy? And does it have the same meaning? Researchers not only have to demonstrate internal validity, often in the form of factor structure and internal consistency of a construct (see also Chap. 10 this volume) at the individual level of analysis, but also at the nation level. The technical term for testing the similarity between individual and (aggregated) nation level structures is isomorphism.

In consumer research literature, there is little discussion on isomorphism. However, does this mean that they are not aware of the differences in meaning that may exist at the different levels? We think not. Most researchers use constructs at the level it was measured. However, the use of country-level constructs to describe individuals has become less prevalent, but is still found in the literature. For instance, country-level literature (Hofstede, 1980) is used to formulate hypotheses at the individual level. For example, sometimes researchers propose that "high PDI consumers have lower expectations of reliability from the service than low PDI consumers." This practice still exists, but is rapidly decreasing (Kirkman et al., 2017). Awareness of using constructs and making inferences at the appropriate level is increasing.

Isomorphism

Isomorphism is a problem that is largely in the background, primarily because researchers need to have a substantial number of observations at the highest level; Selig, Card, and Little (2008) mention more than 20, in order to adequately investigate them. This number of observations at the highest level is less common in consumer research, but the use of large datasets in research is on the rise (e.g., availability of WVS and ESS). The degree of isomorphism determines to what extent constructs can be used at different levels.

Van de Vijver et al. (2008) dichotomized the state of isomorphism, either there was isomorphism (the structures at individual and nation level were identical or near identical) or there was non-isomorphism (the structures are dissimilar). However, in reality the relationship is probably more gradual and continuous (see Fischer, Vauclair, Fontaine, & Schwartz, 2010). For example, if there are one or a few items that differ across levels, the overall structures might still show clear resemblance, whereas with increasing numbers of items shifting in their position, the overall structures may diverge more and more. The question therefore becomes what is an acceptable level of isomorphism, where structures can be still seen as sufficiently similar, without implying a shift in meaning. There are no clear answers to this dilemma (Peccei & Van De Voorde, 2016; Tay, Woo, & Vermunt, 2014). Commonly accepted cutoffs vary between .95 (Van de Vijver & Poortinga, 1994), and as low as .80 (Barrett, 1986). Fischer et al. (2010) used a simulation approach to examine how much deviation could be expected by chance in their analysis of values. Typically, random fluctuations led to very low levels of isomorphism which were substantively lower than empirically occurring levels (which often fell short of arbitrarily proposed cutoffs like .90 or .95). Further complicating the picture, there is evidence suggesting that both the number of nations that are sampled (Fischer et al., 2010) and the number of items (Paunonen, 1997) affect possible levels of isomorphism. With more nations and fewer items, isomorphism estimates are higher. This might make sense from a sampling perspective. With more data from more nations available, random fluctuations in estimates will decrease, leading to potentially higher levels of isomorphism overall. At the same time, if the number of items increases small deviations at one level may accumulate to lead to an overall estimate of isomorphism that is biased downwards.

Homology: Degree of Similarity

Similarly, the relationship between constructs may change between levels. Chen, Bliese, and Mathieu (2005) distinguished between three different degrees of homology. The lowest degree of similarity between levels is when researchers only encounter similarity in patterns of significance, e.g., two variables are significant at both levels and show the same sign (e.g., correlated positively or negatively). For example, popularity of a movie in individualistic nations is similar to the movie being popular with individualistic (versus collectivistic) consumers.

The next higher degree of similarity is so-called scalar similarity. Here, the parameters at both levels are statistically significant and the pattern is similar. Therefore, the correlations may differ across levels, but the relative ordering of correlations may still be preserved. For example, the correlation between a person's income and his or her purchase intention is .25 and between the perceived status of the product and his or her purchase intention might be .40, both estimated at the individual level. At the nation level, the correlation might be .50 and .80. Scalar similarity means that relative ordering of coefficients is maintained. In this example, the correlations as twice as strong at the aggregated level than they are at the individual. In fact, it is often observed that correlations at the aggregate nation level are larger than at the individual level (see below). Hence, we talk about scalar similarity if a comparatively weaker correlation between personal values and decision to purchase a consumer item compared to the relatively stronger correlation between subjective norms and decision to purchase a consumer item is replicated at the nation level. The relative ordering of effects is important.

The highest degree of similarity is metric similarity (Chen et al., 2005). Here, the correlations are identical across levels, implying that the same amount of variance is explained by variable *x* in variable *y* at both levels.

Similarity in Meaning Across Levels: Interpretation Issues

If we encounter isomorphism and at least some basic degree of similarity in homology, we can assume that the variables and relationships have similar meanings at both levels. The interpretation of non-isomorphism and lack of homology raises interesting interpretational questions. What is the meaning of a construct that shows one type of structure at the individual level, but a different structure at the aggregated nation level? All we can say statistically is that the sources of variation are structured differently, but we cannot make any claims about the sources of these variations and the possible meanings. This interpretational paradox has created much confusion in the cross-cultural literature. Let's focus on some possible interpretations. For simplicity reasons, we will primarily focus on isomorphism, also because this issue has been of greater interest to cross-cultural researchers.

Fontaine, Poortinga, Delbeke, and Schwartz (2008), building on earlier work by Lubke, Dolan, Kelderman, and Mellenbergh (2003a, 2003b), argued that non-isomorphism needs to be probed more systematically and assessed to determine whether the sources of deviation might be theoretically meaningful. Non-isomorphism implies that the instrument that a researcher is using is performing differently across the different national samples. What does this mean?

Statistically, we might be able to track issues of non-isomorphism back to measurement problems at the individual level. Figure 11.3 shows an illustration of the problem. The suitability of individual items for measuring a construct is often tested by examining the relationship of these individual items to the assumed underlying latent variable (which is often approximated with the overall mean score across all items). In Fig. 11.3, you can see how the scores on the latent underlying variable are used to predict observed scores of an individual item. In both groups, an increasing score on the latent variable is associated with an equal increase in observed scores. Yet, there is still a difference in the observed scores between the two groups that is not caused by the latent variable, but is due to some other variable. In other words, there is a difference in the level of the scores between the groups that has nothing to do with differences in the latent variable. The difference in the intercepts (e.g., the two regression lines are parallel but there are mean differences in the item means across the groups) is due to some other unmeasured variable. It is this difference between the two groups, which is NOT caused by the latent variable at the individual level, which is modelled in an aggregate level analysis at the nation level, because the higher-level analysis models the overall mean differences between groups. In other words, this variance in the observed item that is not due to our latent variable of interest is now modelled at the higher level. As a consequence, the structure at the higher level might show a different structure because there are unmea-

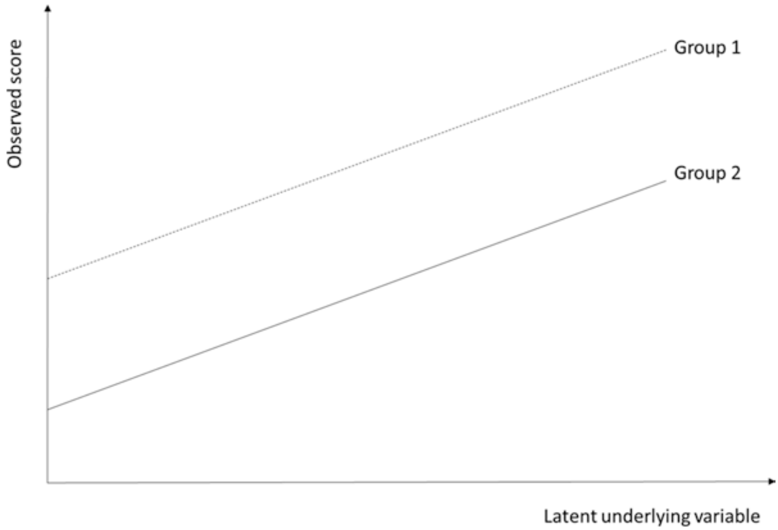

Fig. 11.3 Graphical representation of intercept differences at the individual level that may lead to non-isomorphism across levels

sured variables at the individual level. These unmeasured variables might be biased or they may represent theoretically meaningful information.

Ostroff (1993) provided similar perspectives in an earlier study. She provided mathematical proof that nation-level correlations are larger than individual-level correlations if (a) there is measurement error at the individual level that averages out when aggregated to the nation level, (b) when an unmeasured third variable is influencing the variance of at least one variable, or (c) an unmeasured third variable is influencing the aggregate level variables. The commonality of the discussions by both Ostroff (1993) and Fontaine et al. (2008) is that measurement artifacts are an important bias to rule out first. Secondly, the differential strength of relationships across levels that may lead to non-isomorphism or non-homology is due to unmeasured third variables, which might be interpreted as bias or they may be theoretically meaningful. It is important to track these unmeasured third variables.

Interpreting Non-Isomorphic Structures

How should we interpret non-isomorphic structures, e.g., these different structures across levels? First, a strict psychometric interpretation of the relationships between equivalence and isomorphism is that the apparent different structures at the individual and nation levels are the results of artifacts and measurement bias at the individual level. In other words, if we encounter non-isomorphism or non-homology, we cannot interpret the data if there is measurement bias in at least one or potentially more samples.

Second, we may adopt a less stringent approach and argue that the bias is of relevance because it demonstrates that cultures (at the aggregate level) operate differently. Therefore the implicitly modelled bias can become a theoretical variable of interest. The advances in statistical methodology now allow us to study this bias and model the cultural dynamics underlying the different structures between samples. Smith (2011), for example, has argued that response sets that cause such shifts as shown in Fig. 11.3 can be a dimension of cultural variation. Davidov, Dülmer, Schlüter, Schmidt, and Meuleman (2012) modelled shifts in universalism values as a function of the human development index. These new methodological advances open up new research avenues for exploring when and how different structures might emerge, which can provide fascinating insights into how the context within which individuals are operating influences their psychological realities (see for example, Fischer, Ferreira, et al., 2011; Fischer, Milfont, & Gouveia, 2011; Fontaine et al., 2008).

A third approach often adopted by more sociologically minded researchers, as well as some cross-cultural researchers, is to explore the nation-level dimensions as valid indicators on their own, without connecting the underlying scores back to the processes at the individual level (as implicated in the previous paragraph). The argument is that because we are dealing with social aggregates which are captured in the average responses of individuals, any potential bias found at the individual level is evidence of the "existence" of cultural differences. As we indicated above, the nation-level correlation is statistically independent from the within-nation correlation, opening these structures up to statistical analyses. Yet, we have to keep in mind about such an interpretation that this is not dealing with psychological processes anymore. In other words, what is found at the nation level cannot be meaningfully linked directly to individuals, and therefore, the value of such an analysis for understanding consumer behavior at the individual level might be limited.

The exciting part is that now we have statistical tests that allow us to examine these processes more carefully. We have options and it is up to the researcher to decide what level of explanation is sufficient for what type of research. Overall, the take home message from these technical discussions and statistical innovations is that an investigation of equivalence at the individual level is an important step in any multilevel investigation.

Consumer researchers feel the need to use nation-level constructs in their research, but are aware that using the passport approach is a very coarse way of measuring culture. Therefore, new scales have been developed to measure Hofstede's dimensions at the individual level (Furrer, Liu, & Sudharshan, 2000; Yoo, Donthu, & Lenartowicz, 2011); however, neither of these authors have tested isomorphism of the scales. Both report internal consistency, but no comparison with the nation level is made. Using Hofstede's VSM 94 values scale, Spector, Cooper, and Sparks (2001) found that the internal consistency of the subscales was low and that the ranking of the nations on the VSM scale was different from the ranking based on the country-level scores. These findings suggest that isomorphism of the Hofstede dimensions is absent. Thus, using the term "individualism" for both societal level and individual level is confusing and can lead to erroneous inferences (but see Fischer et al., 2009 for an individualism-collectivism scale that shows isomorphism).

Developments in Multilevel Models

Top-Down and Bottom-Up Influences

Moving from the question about the theoretical meanings of constructs across levels back to the prediction question that we first discussed in the beginning of this chapter, an important set of questions is how such aggregate nation-level variables play a role for the consumer behavior of individuals. Two different mechanisms are of particular interest to many researchers. First, we may ask to what extent individuals are influenced by nation-level variables. If an individual is living in a country where most people endorse a particular set of values or norms, do these nation-level perceptions influence his or her consumer decisions? Second, we may ask how the thoughts and behaviors of a large number of individuals lead to the emergence of a higher-level (aggregate) construct. What are the processes that lead to the emergence of, let's say, individualism? The former type of influence is top-down (an aggregate level variable causally influencing an individual-level variable or relationship), whereas the second type of influence is bottom-up (individual-level variables influencing an aggregate level variable or process). Historically, most researchers including consumer researchers have paid attention to top-down processes (e.g., Martin & Hill, 2012; Steenkamp & De Jong, 2010; Wedel, ter Hofstede, & Steenkamp, 1998). This was primarily influenced by the availability of statistical techniques and software that could more easily test such effects. Although theoretically interesting, bottom-up or emergent processes have been less well studied, mainly because there were limited statistical tools available. This imbalance is slowly decreasing because more tools become available that allow a testing of bottom-up theoretical models. Some interesting applications appeared in management (Heyden, Fourné, Koene, Werkman, & Ansari, 2017) and medicine (Wigman et al., 2015). Heyden et al. looked at "top-down" and "bottom-up" traditions in organizational change research to understand employees' varying dispositions to support change in dynamic contact with top managers and middle managers. Wigman et al. investigated top-down and bottom-up in the context of psychopathology where they looked at how individuals and diagnostic groups dynamically affect each other.

Extending Multilevel Models: Cross-Level Mediation

Many theoretical models propose mechanisms of how a variable causally influences another variable via an intermediate process. This so-called mediation has become an important aspect of research in the social sciences. Mediation, moderation, and moderated-mediation (in which mediation and moderation simultaneously operate) became highly popular in consumer research, especially since easily applicable procedures became available (Preacher & Hayes, 2008). Multilevel research can incorporate mediation effects and today complex models in which independent variables, mediators, or outcomes are situated at different levels can be estimated. For example, it is possible to estimate whether national variables influence consumer behavior either through normative processes at the country-level or via personal preferences at the individual level. Similarly, it could be tested whether individual preferences lead to changes in behavior of individuals at level 1 which then become new normative pressures at level 2 (country level) (see; Pituch & Stapleton, 2012; Preacher et al., 2016). These methods have been employed more widely in educational and social psychological research (e.g., Kunst, Fischer, Sidanius, & Thomsen, 2017). In consumer research, the moderated mediation approach by Preacher, Rucker, and Hayes (2007) has been employed to estimate models in a few countries only. For instance, Strizhakova and Coulter (2013) examined the "green side" of materialism in emerging and developed nations, showing that the relationship between materialism and environmental friendly tendencies is mediated by global cultural identity. Following up on this, it would be interesting to investigate whether increases in purchasing local environmental friendly products would lead to societal norms on buying local products.

Summary and Conclusion

In our increasingly connected world, it is important to pay attention to multilevel issues. Marketing research is being conducted across a large number of societies; yet, in the published literature there is little attention to these issues. Large-scale commercial surveys that include data from consumers in many nations may not be available to academic researchers. At the same time, publicly available surveys with variables of interest to marketing and consumer researcher are increasingly available. Similarly, the increasing availability of big data through mobile technology and web tracking makes multilevel issues even more pressing. Therefore, we predict an exponential increase in multilevel studies in the near future. It is important to take into account the nested structure of data in order to avoid inappropriate or incorrect interpretations of the data.

This greater availability of data sets is mirrored by major developments in statistical theory and methods. The classic programs such as HLM and SAS as well as powerful new programs such as MPlus offer many options for sophisticated multilevel analyses. SPSS now offers mixed model analyses and the macros developed by Preacher and Hayes can be implemented to test mediation and moderation. Open source statistical programs such as R also offer some of the best options for estimating multilevel models without any cost to researchers.

These developments at the statistical and methodological level need to be accompanied by equal developments in theorizing. Multilevel theories are about causal relationships, so researchers need to critically evaluate and develop theories in terms of their implied causality. Top-down models have dominated research, but many phenomena in marketing and consumer research might be better described through bottom-up models, e.g., the emergence of consumer trends and fashions and the establishment and dissemination of purchasing or buying norms.

Finally, the rapidly expanding tool box may leave researchers puzzled on how to best apply these methods and reap the rewards of this increasing sophistication. Similar to research on invariance (Steenkamp & Baumgartner, 1998), the statistical community needs to agree on certain standards and guidelines for conducting and reporting multilevel studies. Equally, the developments reported in methodological articles need to be made more accessible to researchers who may not be aware of some of these developments. A step in this direction is the overview article by González-Romá and Hernández (González-Romá & Hernández, 2017). We are confident that these are growing pains of a rapidly developing field. Multilevel issues are at the heart and center of consumer and marketing research.

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Hester van Herk and Carlos J. Torelli

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Carlos J. Torelli's affiliation was incorrect in the original published version of the volume. The correct affiliation is:

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