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The Influence Of Cultural Values On Brand Loyalty

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Abstract

It is well documented that culture can influence consumer attitudes and behavior. While there have been numerous studies on how culture influences the four Ps of the marketing mix, few researchers have examined its effect on customer loyalty. More specifically, how consumers who identify more with certain cultural traits are likely to be more brand loyal. Using Hofstede's cultural dimensions, this study empirically examines cultural effects on consumer-reported "proneness" to brand loyalty and finds that those who scored highly in individualism and uncertainty avoidance have greater affinity for exhibiting loyalty to a brand.

Keywords: **Decision making process, Customer satisfaction/loyalty, Attitudes**

Introduction

Past research into cultural issues has shown that *culture* can have a strong influence on the values, perceptions and actions exhibited by a consumer (Trompenaars, 1994; Chow, Deng and Ho 2000). This understanding is important for marketers; especially those who operate in the international arena, where such culture can significantly affect their way of doing business. Cultural values typically affect decisions on product development, pricing, distribution and communications (Denis 1996). While there has been ample study into the impact of culture on the marketing mix, few researchers have examined how cultural dimensions influence a consumer's general "proneness" to brand loyalty. For want of a better term, *proneness* takes on the meaning akin to the *degree* of being *disposed towards*, or the *likelihood* to exhibit repetitive use/purchase of a brand. For example, the possibility exists that individuals who are strong in certain cultural-values are more prone to remain loyal to the brands they use. Given the mounting importance of marketing internationally and the increased emphasis on brand loyalty, it is vital that more research into this issue be carried out. To our best understanding, very few researchers have investigated the impact of culture on consumer proneness to brand-loyalty. As such, this study aims to bridge this gap in our knowledge. This paper is set out in the following manner; we first review brand-loyalty and cultural-studies literature. This literature aids us in hypotheses formulation. We then discuss our methodology, followed by the results of our findings. Finally, we raise the implications of this study and possibilities for future research.

Review on Brand Loyalty

The first mention of brand loyalty was in the 1923 works of Copeland (c.f. Jacoby and Chestnut, 1978). Traditionally, research into brand-loyalty has focused on behavioral measures that include purchase-sequence, proportion-of-purchase, and probability-of-purchase (Bass, 1974; Uncles, Ehrenberg, and Hammond, 1995; Ehrenberg, 1996; Bhattacharya, 1997; East, 1997; Morrison

and Schmittlein, 2001). While these behavioral studies claimed success in estimating, and even in forecasting aggregated brand loyalty effects, no attempt was made to identify the true underlying reasons behind loyalty. This deficiency in caused other researchers to investigate the attitudinal element of brand loyalty (Day, 1969; Dick and Basu, 1994; Jarvis and Wilcox, 1997; Ha, 1998; Iwasaki and Havitz, 1998; Bennett and Bove, 2001). More recently, Baloglu (2002) found that truly loyal customers had more emotional commitment to a brand than any other group of customers. Others have supported this by indicating that emotive customers appear to be the most loyal (Oliver, 1994; Fournier and Yao, 1997; Coyles and Gokey, 2002). At present, many researchers agree that brand-loyalty is both complex and multi-dimensional. However, existing literature seems to have neglected an important dimension, the effect of *culture* on *brand-loyalty*.

Only a few researchers seem to have explored the topic of proneness to brand loyalty. Shim and Gehrt (1996) examined the differences in shopping orientation between White, Hispanic, and Native American students, finding that Whites and Hispanics showed significantly more proneness to brand loyalty than Native Americans. They defined proneness of brand loyalty as “*an orientation characterized by the degree to which a consumer repetitively chooses the same brands.*” Following this definition, proneness of brand loyalty may be viewed as synonymous to the *degree* of brand loyalty. This is comparable to Raju’s (1980) understanding, viewing loyalty as the tendency to maintain the same response over time.

Review on Culture and the Research Hypotheses

Culture can influence consumer thoughts and actions (Herbig, 1998; Trompenaars, 1994), thereby affecting decision-making styles and purchase behaviors. Culture is a complex and widely researched subject (Inkeles and Levinson, 1969; Hofstede, 1980; Trompenaars, 1994; Triandis, 1995) that can be defined as “*the collective programming of the mind, which distinguishes the members of one human group from another*” (Hofstede, 1980). Through an extensive study of people from 53 countries that has become one of the most cited works in this area, Hofstede (1980; 1994) identified four basic dimensions of differences between national cultures. Although there has been some criticism about Hofstede’s research, especially on issues about generalizability of the dimensions (Yeh, 1988), many researchers still utilize this framework when studying cross-cultural influences on attitudes and behaviors (Fam and Merrilees, 1998; Liu, Sudharshan and Hamer, 2000; Mortenson, 2002). Hofstede’s cultural dimensions prove insightful and are often employed as the basis for cultural differentiation (Liu, Sudharshan and Hamer, 2000). In 1991, Hofstede proposed that the same dimensions that differentiated between national cultures could also be applied to a within-culture context (i.e. subcultures). In our paper, Hofstede’s dimensions will be used to examine individual-level or within-culture differences on proneness to brand loyalty.

Hofstede’s first dimension is **Individualism**. Individualism is the degree to which members within a society integrate into groups. This dimension refers to an individual’s attitude towards the concept of self (Dawar, Parker and Price, 1996). As opposed to collectivism where group goals have priority, individualism occurs when personal goals have priority (Triandis, 1995). In collectivism, there is a greater burden on individuals to conform to group and social norms

(Matsumoto, 2000). People who score high in individualism are more likely to believe in themselves and do things that benefit themselves. Therefore, consumers with high individualism may be less prone to influence from social/group norms and advertising/promotion. Following this line of reasoning, they are more likely to purchase brands that they deem suitable for themselves, irrespective of influence from other sources. Logically, consumers who score high in individualism may exhibit a greater tendency to be brand loyal, which leads us to H1.

H1: *Individuals who score high in individualism have greater proneness to be brand loyal than those who score low in individualism.*

Uncertainty Avoidance is the extent to which a culture programs its members to feel uncomfortable in unstructured, novel, unknown, surprising or unusual situations (Hofstede, 1980). Individuals with high uncertainty avoidance do not readily accept changes or uncertain situations. Therefore, consumers who score high in uncertainty avoidance would tend to exhibit higher proneness to brand loyalty compared with those who show low uncertainty avoidance.

H2: *Individuals who score high in uncertainty avoidance have greater proneness to be brand loyal than those who score low in uncertainty avoidance.*

Masculinity is a preference for assertiveness, achievement and material success; contrasted with femininity, which emphasizes relationships, modesty and caring for the weak (Hofstede, 1980). Individuals with high masculinity tend to assert more control over their own decision-making processes. Because of this control, they may be less influenced by the marketing mix, social and group norms. These individuals buy what they like and stick to brands they like, therefore showing more proneness to brand loyalty. This helps us arrive at H3.

H3: *Individuals who score high in masculinity have greater proneness to be brand loyal than those who score low in masculinity.*

Power Distance is the extent to which the members within a society accept and expect the power in organizations, and society, to be distributed unequally (James, 1995). Consumers who score high in power distance accept inequality while those who score low in this dimension do not.

In an environment of low power distance, consumers buy what they desire without worrying about how others feel or think. Whereas in a high power distance setting, peers and superiors have a strong influence on the brands consumers buy. Because of this, consumers in a high power distance cultures constantly balance their purchases to match those in their reference groups. Consequently, these consumers are more prone to switching brands if their reference group does so. This leads us to the last hypothesis.

H4: *Individuals who score high in power distance will be less prone to brand loyalty than those who score low in power distance.*

Research Methodology and Outcomes

Sample and Measures

Data was collected using a convenience sample of 228 business undergraduates at two Australian public universities. The respondents were between 17 to 49 years old (mean age = 21.6 years), and approximately 57% were female. Each respondent answered a questionnaire on issues regarding their personal cultural values and proneness to brand loyalty. Question items were measured using a five-point likert scale. Information on age, gender, and the number of months/years they have resided in Australia was also collected.

Cultural value measures were adapted from Dorfman and Howell (1988); these were based on Hofstede's (1966) four main cultural dimensions (originally 5 items each) and were used by Robertson and Hoffman (2000). The dependent variables for proneness to brand loyalty (originally 3 items) were developed by Sproles and Kendall (1986) and adopted by Shim and Gehrt (1996). Due to page limits, the scales are omitted; please contact the lead author if you wish to view the list of measures.

Exploratory factor analysis and reliability tests were used during preliminary analysis of the data, resulting in items with rotated factor loadings less than 0.4 being dropped from the final analysis. Final Cronbach's alpha values ranged between 0.555 and 0.778, which according to Nunnally (1967) are satisfactory in the early stages of research (0.5 to 0.6 sufficient). At this stage, the results were judged sufficient to press on with Multiple Regression analysis (MR). Factor scores were derived for use in MR. This cures any multicollinearity problems that may arise from the data. The number of remaining items is reported in Table 1 (Reduced and standardized items).

Results

The effect of culture on proneness to brand loyalty was analyzed using multiple-regression. This resulted in three of the four coefficients loading in the hypothesized direction (Table 3, Model 1).

Table 1: Multiple regression analysis showing the effects of cultural dimensions on proneness to brand loyalty				
Predictor	Reduced and standardized items Final No. of Items	Cronbach's Alphas	Dependent Variable: Proneness to Brand Loyalty (2 final items, alpha=0.633)	
			Model 1: Standardized Regression Weight	Model 2: Standardized Regression Weight
Individualism	2	0.660	0.212*	0.212*
Uncertainty Avoidance	4	0.740	0.389**	0.387**
Power Distance	4	0.555	-0.202	-0.209
Masculinity	4	0.778	0.189	0.196
Age	-	-	Not included	0.056
Number of years in Australia	-	-	Not included	-0.037

Post hoc diagnostics				
Regression	Model R ²		0.208	
SEM	CMIN/DF, CFI, RMSEA, Hoelter		1.144, 0.983, 0.025, 253	
			1.275, 0.960, 0.035, 220	

Notes: * - p < 0.10, ** - p < 0.05

Overall, Model 1 fit the data very well, with values exceeding the “excellent” levels suggested by many researchers. The R^2 statistic for explanation power was 0.21. The ratio of chi-square to degrees-of-freedom (CMIN/DF) was 1.144, with some researchers suggesting a value of less than 2 indicating excellent model fit (Hoelter, 1983; Brooke, Russell, and Price, 1988). The CFI value (comparative fit index) was 0.98, above the 0.90 minimum that denotes good model fit (Bentler, 1990). Browne & Cudeck (1993) suggests that root-mean-square error of approximation (RMSEA) value equaling or less than 0.05 indicates a close fit; Model 1 returned a RMSEA value of 0.025. Additionally, the critical N value of 253 exceeds Hoelter’s suggested minimum of 200 for a satisfactory sample. For Model 1, *Individualism* and *Uncertainty Avoidance* had positive influence on proneness to brand loyalty.

To ascertain that it was indeed cultural factors and not demographic factors that resulted in a well-fitting model, a second test was performed by adding age and number of years spent in Australia as independent variables (Table 3, Model 2). The results report that even with these added measures, the cultural predictors still loaded significantly on the dependent variable. In fact, the dependent variable’s R^2 (0.21) had not improved (Model 1 $R^2 = 0.21$). As an additional check, male and female proneness to brand loyalty was compared using an Independent t-test (Male $_{\text{mean}}=3.345$ & Female $_{\text{mean}}=3.511$). There was no significant difference between males and females ($t=-1.422$, $df=223$, $p>0.10$). With this evidence, we arrived at the conclusion that gender, age, and amount of time residing in Australia did not improve on Model 1, and cannot be used to explain proneness to brand loyalty. It appears that Cultural factors and not demographic ones function in this model to explain proneness to brand loyalty.

Summary, Discussion and Implications

The results of this exploratory study suggested that proneness to brand loyalty might be influenced by cultural values. The model supported the notion that culture can have a major influence on the way consumers act and think, in an individual and collective sense. The findings supported H1: respondents who scored high in individualism were less likely to switch brands. Results also indicated that people with high uncertainty avoidance had greater proneness to brand loyalty (H2). High uncertainty avoidance means taking less risk, translating into less willingness to switch brands. People avoid uncertainty by staying with brands with which they are comfortable. H3 and H4 cannot be supported. There was a positive but non-significant relationship between masculinity (H3) and proneness to brand loyalty. A non-significant relationship between power distance and proneness to brand loyalty supporting H4 was found.

Few studies have evaluated the significance of cultural influence on consumer proneness to brand loyalty. The results from this paper contribute to existing marketing knowledge on brand loyalty. Implications from the findings affect both companies operating across national cultures and within geographical boundaries. Brand loyalty is getting harder to acquire. Increasing global economic uncertainty and intense competition in the marketplace have made it abundantly clear that companies have to improve their business models to attract, satisfy, and form sustainable relationships with customers. These results will help international marketers understand the cultural nuances of their host country and aid in anticipating potential benefits and problems when interacting cross-culturally (Brodbeck *et al.*, 2002). The ability to identify and segregate

the cultural factors that can affect or hinder consumer proneness to be brand loyal will certainly be of great help in improving marketing and business strategies.

Despite our confidence in the results of this study, caution must be exercised when extrapolating these results given that this exploratory study was conducted within one country and only contained a sample of tertiary students. Future research might include more countries for better comparison and generalization. Additionally, finding support for the influence of culture on brand loyalty does not rule out other explanations not covered by this study. For example, the effects of past behavior and other personality constructs have not been examined here. Furthermore, consumer proneness to brand loyalty may change depending on purchase contexts and on the types of products purchased. Research into these areas is likely to yield a more comprehensive insight into the brand loyalty construct.

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