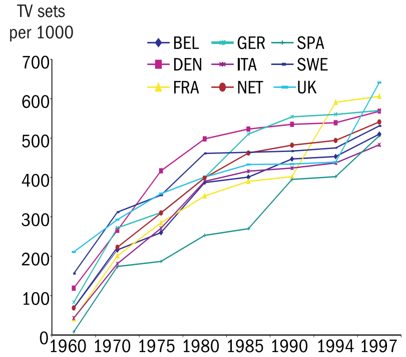
Convergence and divergence in consumer behaviour

Dr Marieke de Mooij, Cross Cultural Communications Company, looks at the habits of consumers across national divides

THE CORE question in international marketing and advertising is will consumers across countries become the same or remain different. International companies tend to believe in convergence of consumer behaviour. This was reinforced by the success of a few global brands such as Coca-Cola and Levi's. There are also examples of the failure of a standardised approach: C&A had to close all its shops in the UK and Marks & Spencer failed on the European continent. Coca-Cola recently changed its standardised approach into one of local sensitivity. Levi's failed in Asia. An explanation is that consumer behaviour is not converging across countries.

EXHIBIT 1

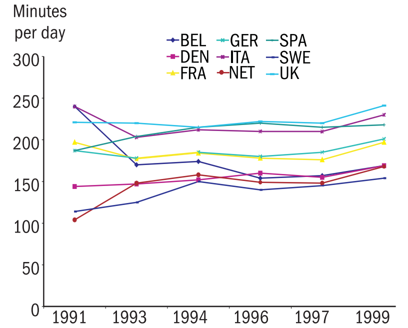
Macro level convergence: TV sets owned



Source: UN statistical yearbooks

EXHIBIT 2

Micro level difference: TV watched



Source: IP

Box 1: Hofstede's dimensions of national culture

Hofstede (1) distinguishes five dimensions of national culture: power distance (PDI), individualism/collectivism (IDV), masculinity/femininity (MAS), uncertainty avoidance (UAI) and long-term orientation (LTO).

● *Power distance* is the extent to which less powerful members of a society accept that power is distributed unequally. In large power-distance cultures (eg France, Belgium, Portugal, Poland) everybody has his/her rightful place in society: to demonstrate this position is more important than in cultures of small power distance (eg the UK, Germany, the Netherlands and Scandinavia).

● In *individualist* cultures people look after themselves and their immediate family only, and want to differentiate themselves from others; in *collectivist* cultures people belong to in-groups who look after them in exchange for loyalty, and the need for harmony makes them want to conform to others. Northern Europeans are individualist; in the south of Europe people are moderately collectivist.

● In *masculine* cultures the dominant values are achievement and success. The dominant values in *feminine* cultures are caring for others and quality of life. In masculine cultures performance and achievement are important. Status is important to show success. Feminine cultures have a people orientation, small is beautiful and status is not so important. Examples of masculine cultures are the US, the UK, Germany and Italy. Examples of feminine cultures are the Netherlands, the Scandinavian countries, Portugal and Spain.

● *Uncertainty avoidance* is the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations. In cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life. In weak uncertainty avoidance cultures people tend to be more innovative and entrepreneurial. The countries of south and east Europe score highly on uncertainty avoidance, England and Scandinavia low.

● *Long-term orientation* versus short-term orientation. This fifth dimension distinguishes long- versus short-term thinking. Other elements are pragmatism, perseverance and thrift. This dimension distinguishes mainly between western and East Asian cultures.

Divergence next to convergence

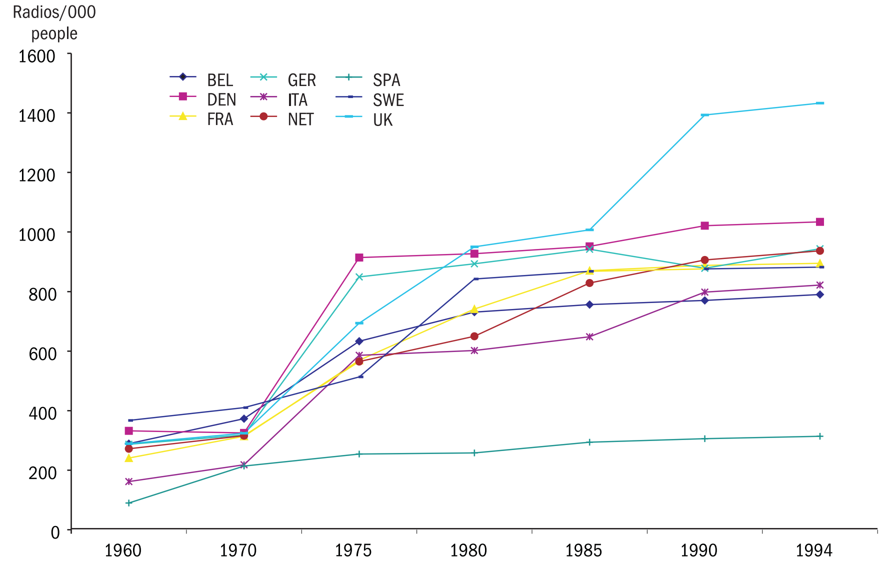
In the developed world GNP per capita has converged across countries. Meta-analysis of a large number of product categories, however, shows that with converging wealth, consumption differences remain the same or increase. Only at macro level some products (eg TV sets per 1,000 people) converge (Exhibit 1). At micro level such products do not converge (eg TV viewing time, Exhibit 2).

There is a pattern of convergence-divergence. For durable products – in particular those related to income such as passenger cars, television sets and computers – initially countries converge with increased wealth, but in the developed world, at a certain level of wealth, convergence reaches a ceiling after which there is no further convergence and differences remain stable or increase. With converging wealth, convergence of consumption turns into divergence.

For 'old' products such as newspapers and radio, that ceiling was reached long ago. New products, such as computers, have not yet reached that ceiling and

EXHIBIT 3

Radios/000: convergence, then divergence



Source: UN statistical yearbooks

differences between countries are still large: the point of convergence lies in the future. But it can be predicted by understanding the process of the old products.

Variance of newspaper circulation across countries has remained more or less the same during the past 50 years. Radio reached its convergence ceiling around 1970 after which it diverged (Exhibit 3). At the end of the century there were more than 1,400 radios per 1,000 people in the UK and only 330 in Spain. Penetration of TV sets is currently more or less the same across Europe. The ceiling of convergence was reached in 1998. In the UK there are more radios than TV sets per 1,000 population, while in Spain there are more TV sets than radios.

Culture explains

While for some products differences between countries worldwide can be explained by differences in national income, in more economically homogeneous Europe most differences can only be explained by culture.

Differences in media usage are persistent because the media are part of countries' culture. Although, for some media, differences worldwide are related to national income, in the developed world and Europe in particular, differences in newspaper readership can only be explained by culture. In cultures of large power distance (eg Belgium, France and Spain), fewer newspapers are read than in cultures of small power distance (eg the Scandinavian countries, the Netherlands and Germany). The number of radios per 1,000 population is correlated with individualism. This correlation becomes more significant over time (Exhibit 4). In individualist cultures everyone has his/her own radio, while in collectivist cultures one radio per family is enough (Box 1).

New media have not yet reached the point of convergence, so variance across countries can be explained by variance in income. But the future can be predicted. My analysis shows that the older the product, the stronger the influence of culture. The new also changes fastest; the old changes slowest, if it changes at all. Differences in old technology and media are unlikely to disappear in the short-term. New technology converges only at macro level. Differences at micro level emerge soon after introduction (2). Internet penetration (number of hosts per 10,000 population) converges, but the way the internet is used varied soon after introduction. Those differences are culture-bound, because they are related to people's values. Values do not converge. The differences remain the same and with growing wealth they become manifest.

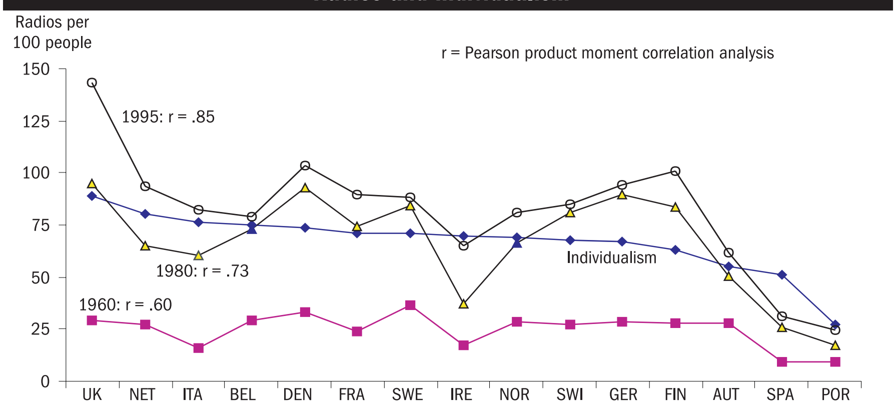
'Values and attitudes of people are surprisingly stable over time. In what I call "post-scarcity" societies, "old" values become manifest in consumption and consumer behaviour'

Values become manifest with increased wealth

Values and attitudes of people are surprisingly stable over time. The new economy does not produce 'new ➽

EXHIBIT 4

Radios and individualism*



Source: UN statistical yearbooks and Hofstede 1991

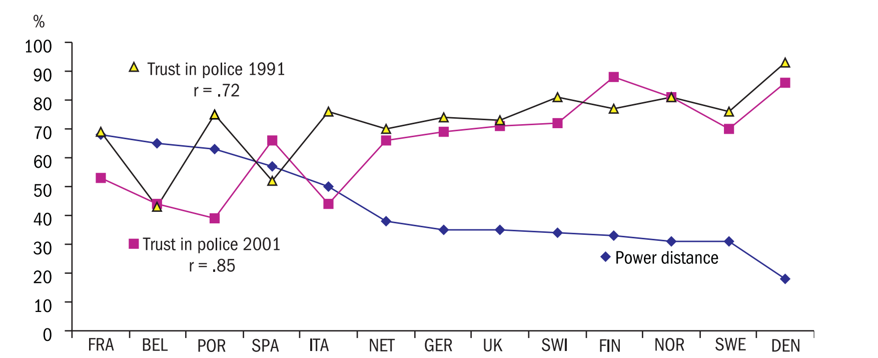
* In Exhibits 4,5,6 and 7 the cultural variables are scores out of 100

values'. In what I call 'post-scarcity' societies 'old' values become manifest in consumption and consumer behaviour. If people have enough of everything to live a comfortable life, they will spend their incremental income on things that fit their value pattern best. The ultimate American ideal is a five-car garage, the Dutch buy even more luxurious caravans and the Spanish go out eating with larger groups of people. Additional income gives people greater freedom of expression and their choices follow their distinct value patterns. This also applies to the new economy. People use the new media for the same purposes as the old media. Marshall McLuhan's view that new technology is mainly an extension and enhancement of ourselves is still valid (3).

An example of how value differences can increasingly be explained by cultural variables can be found in the recent *Reader's Digest* report 'European Trusted Brands' (4). In the survey, a few questions about the degree of trust in institutions such as the police and the legal system were repeated from an earlier survey by *Reader's Digest* (1991). Differences in trust in the police and the legal system correlate significantly with Hofstede's cultural dimension power distance: in cultures of large power distance there is less trust than in cultures of small power distance (Exhibit 5). Regression analysis shows that for the 13 countries involved in both surveys in 1991 the variance explained by power distance was 52% for trust in the police and 41% for trust in the legal system. In 2001 the figures are 72% and 69%.

EXHIBIT 5

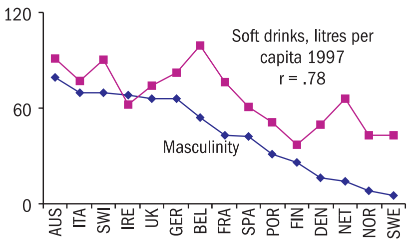
Trust in the police and power difference



Source: *Reader's Digest* Survey Trusted Brands 2001 and Hofstede 1991

EXHIBIT 6

Masculinity and soft drinks



Data: Euromonitor 1997 and Hofstede 1991

Unexpected effects of global advertising

Of the fast-moving consumer product categories (fmcg) included in my analysis (Box 2) only three product categories have become relatively homogeneous: household cleaning products, soft drinks and cigarettes. Initially the use of these products in Europe converged with converging incomes, but this stopped at a certain level.

In particular the soft drink and cigarette categories have for long been dominated by Anglo-American global brands (eg Coca-Cola, Pepsi-Cola, Fanta, Seven-Up, Sprite, Schweppes; Marlboro, Camel, Rothmans). These early global brands may have caused convergence of their product category because they were the first to apply advanced marketing techniques. With increased global competition the owners of these brands started to standardise their marketing and advertising for increased efficiency. Global advertising, however, does not appeal to universal values because there are no universal values. Because many global campaigns are developed in London or New York, they generally include Anglo-American values. For decades global campaigns for soft drinks and cigarettes have reflected Anglo-American values like masculinity, adventure, status and success, which are not as appealing to all other cultures. This is reflected in the differences in volume sales across countries. In Europe (data: Euromonitor, 1997), 60% of variance of soft drink consumption (litres per capita) is explained by Hofstede's cultural dimension masculinity (r = .78, Exhibit 6). For cigarettes (data: Eurostat, 1997) it is 44% (r = .66, Exhibit 7).

Box 2: The research project

This research was conducted for the degree of doctor in communication at the University of Navarra, Spain (4). It is based on meta-analysis of cross-country consumption data of a large number of product categories and media. Time-series were analysed to demonstrate convergence or divergence. Three groups of countries were compared: worldwide homogeneous and heterogeneous with respect to national income, and 15 developed countries in Europe. Statistical analyses were correlation analysis and linear, step-wise regression analysis, using income (GNP/capita) and Hofstede's cultural variables (Box 1) as independent variables against data on product consumption and ownership as dependent variables. Databases and surveys used are World Development Reports, UN Statistical Yearbooks, Eurostat Reports, Eurobarometer surveys, Euromonitor, *Reader's Digest* surveys, European Media and Marketing Survey (EMS), World Values Survey.

Thus, the result of global advertising is other than intended. Global advertising may have stopped the convergence process of the product category and *caused* the current differences in usage. In countries with values that differ from Anglo-American values, standardised campaigns have resulted in sub-optimisation of sales. As consumer motives and needs are not the same across countries, the effect of global advertising is not the same in all countries. There is waste in countries where consumer values are

Above: The marriage of cigarettes and masculinity in brand advertising

different from the values in global advertising campaigns.

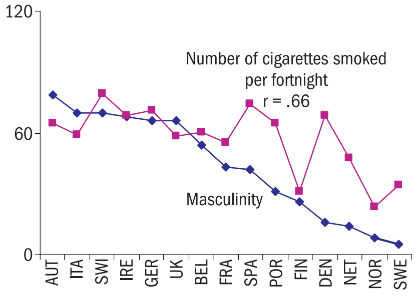
International brand management

The *Reader's Digest* survey (5) demonstrates the importance of national values. Several national brands have remained strong in the face of the power of large multinationals. These are national brands that are old and/or include important national values in their advertising. Examples are the Finnish brands Lumene (cosmetics) and Valio (food), the Italian brand Barilla (pasta), German Schwarzkopf and Dutch brands Andrelon (shampoo), Prodent (toothpaste) and Melkunie (food).

But the importance of national values can also be recognised in some

EXHIBIT 7

Cigarettes and masculinity



Source: *Eurostat Yearbook* 1998/1999 and Hofstede 1991

international brands. Those that are highly trusted can be categorised according to four characteristics:

- They are brands that were the first to enter new markets, are technologically advanced and/or were the first to claim an important product value in the category, eg Sony, Canon, IBM, Nokia.
- In the fmcg category the trusted brands are those that have bought trust by large advertising budgets and entered new markets early. Examples are Ariel, L'Oreal, Pantene, Nestlé and Danone. These brands were the first international brands to enter emerging markets like the Czech Republic, Hungary, Russia and Slovakia. In most countries in Europe the owners of these brands (P&G, L'Oreal, Nestlé and Danone) belonged to the top ten advertisers from 1996 to 1999 (*AdAge*).
- Some trusted international brands are very old. For a long time they have communicated a consistent message to their audiences. They are viewed as national brands in individual markets. Examples are Nivea and Colgate. Nivea in particular is perceived as a national brand in many countries.
- A fourth category is the international brand that appeals to specific values that are more appealing in some cultures than in others. Mercedes is trusted most in cultures of large power distance, where social-status needs are relatively important, such as Belgium, Poland, Russia and Spain. Opel and Toyota, brands with low social-status value, are more trusted in countries that score low on power distance, such as the Netherlands and Norway.

What can be learned from the *Reader's Digest* report is that international brands, and national brands that are old, are trusted. A few international brands have bought trust through high investments in advertising. Continuous high ad spend will be necessary to remain a strong brand. Brands that want to be strong internationally and that do not want to spend so much on advertising can choose a multinational positioning, using important cultural values. A differentiation strategy by culture-cluster can be an effective strategy. For each product category specific values are relevant and countries can be clustered according to those product-related values. ■

1. G Hofstede: *Cultures and Organisations, Software of the Mind.* McGraw-Hill, 1991.
2. M de Mooij: 'The future is predictable for international marketers: converging incomes lead to diverging consumer behaviour'. *International Marketing Review*, Vol. 17. No. 2, 2000 (p 103–113).
3. M McLuhan: *Understanding Media: The Extensions of Man*. McGraw-Hill, 1964.
4. M de Mooij: *Convergence and Divergence in Consumer Behavior. Consequences for Global Marketing and Advertising*. Doctoral dissertation. Pamplona, May 2001. Published by the author.
5. 'European Trusted Brands'. *Reader's Digest*, 2001.

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M de Mooij: *Global Marketing and Advertising, Understanding Cultural Paradoxes*. Sage Publications, 1998.

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