

# SHOULD ADVERTISING BE STANDARDIZED BASED ON SPECIFIC CULTURAL DIMENSIONS?

## (A COMPARATIVE STUDY OF AD PREFERENCE AND CULTURAL DIMENSIONS IN THE US AND CHINA)

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### ABSTRACT

The aim of this study is to test the idea that different cultural dimensions have the same degree of impact on consumer preference of advertising standardization. Hofstede's (1980, 2001) six cultural dimensions are used to examine the differences of their impact on advertising standardization between China and US consumer preference in the smartphone industry. A preliminary explanation of the management dilemma and the practical and theoretical interest of the study are explained, followed by a brief explanation of the hypothesis, methodologies and research findings. After a statistical analysis based on data collected from existing research, the research finds that there is insufficient evidence to conclude that the impact of all cultural dimensions on ad standardization are not all the same across the US and China. The results give some weight to the idea that all cultural dimensions should all be considered as a whole and weighted no differently to analyze the linkage between culture and ad preference.

**Keywords:** Advertising Standardization, Cultural dimensions, Ad preference, Consumer behavior, Ad effectiveness

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### INTRODUCTION AND MANAGEMENT DILEMMA

With exponential growth, the global ad spending of 2015 is expected to reach \$540 billion and will approach \$667.65 billion in 2018 (Mahajan, 2014; Sebastian, 2015). However, for all marketers as well as marketing researchers, questions remain about how to evaluate the overall effectiveness of advertising and how to adjust ad content to adapt to different cultures. This is especially true for Global Multinational Companies (GMCs) trying to maximize their marketing effectiveness and to check advertising messages used in various cultural environments.

Advertising is a critical element in helping multinational companies to compete in global markets. To be successful, a significant understanding of the culture of the nations in which consumption occurs is critical (Craig, 2013). During this process, deciding whether to standardize a company's advertising campaign is an essential issue and major management

dilemma that marketers of all MNCs needs to confront.

There has been comprehensive research regarding standardization versus localization (adaptation) of global advertising, along with the cultural dimensions introduced by Hofstede in 1980. These have become critical factors to affect marketing decisions. This study attempts to explore the possible linkage between marketing decision-making and cultural dimensions; in other words, to find if there is any evidence to support the idea that marketers can make decisions, the ad standardization decision in this case, based on the score of a specific cultural dimension.

### DIFFERENT CONSUMER ATTITUDES TOWARD AD STANDARDIZATION BETWEEN CHINA AND US

Some researchers believe that advertising standardization is a way to cut ad-producing cost when a commercial is being implemented in

different countries and a way maximize the consistence of brand and prevent image confusion across product portfolios (Fastoso & Whitelock, 2007, Tai et al., 2002, Liu et al., 2014). There are also researchers who are against standardization and believe that the different cultural values of different nations should be considered seriously (Kanso & Nelson, 2002; Ali & Richard, 2002). Based on a comparative study between the two nations with regard to the preference of standardized or localized ads, Liu et al. (2014) found that US consumers have an opposite behavioral pattern from Chinese consumers, which reaffirmed the complexity of consumers' attitude toward standardization. Figure 1 and Table 1 show the attitude on standardized and localized ads, in which US respondents have an opposite attitude from Chinese respondents. While more US respondents preferred localized ads, Chinese respondents gave higher scores on standardized ads. Some studies on marketing standardization gave the marketing implication that standardized ads are recommended in China rather than

localized ones; whereas it is a better approach to use localized advertising embedding specific culture in the US market (Liu et al., 2014; Tai et al., 2002).

Behind these phenomenon, there is no doubt that cultural factors have significant impact on consumers' advertising standardization preferences (Kanso & Nelson, 2002). However, very few studies have been done to compare the impact on ad standardization of each of the cultural dimensions introduced by Hofstede from 1980.

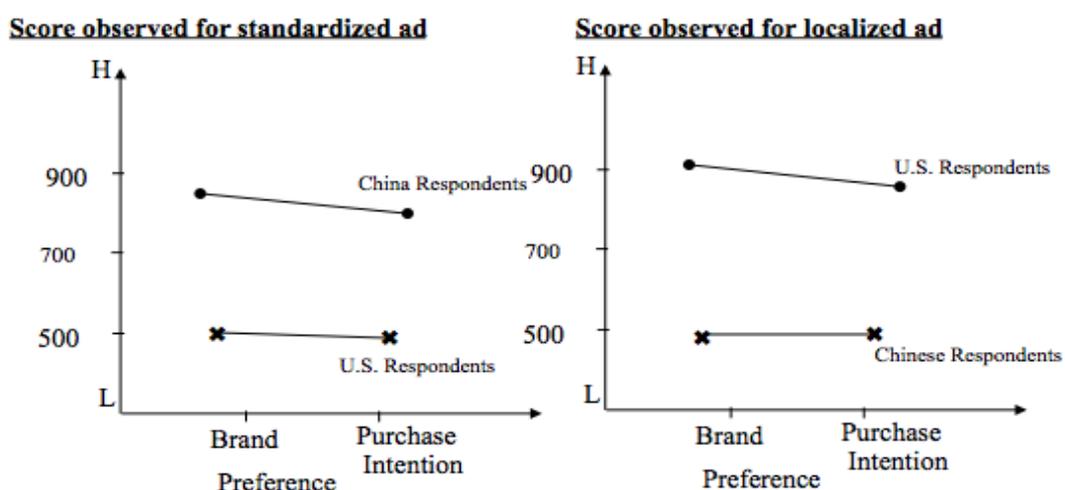
This study presents a methodology to measure the degree of impact of cultural dimensions on the preferences of advertising standardization from the consumers' perspective. Specifically, Hofstede's (1980, 2001) cultural values are used to examine differences between consumers from China and the US, which are not only the biggest two economies in the world, but also the two biggest smartphone markets that invest in the most advertising budgets (Mahajan, 2014).

**Table 1.** Consumer Ad Standardization preference score.

Country	Standardization	Localization
US	50	91
China	88	47

Source: Liu, *et al.*, 2014

### **Consumer Behavioral Pattern Analysis**



**Figure 1.** Resource: Liu, et al, 2014

### CULTURAL CONSIDERATIONS IN ADVERTISING STANDARDIZATION

Among all dimensions that affect marketing decisions, especially related to ad standardization, culture is one of the core factors in international marketing studies. In international business research, culture is the most frequently used factor to be considered as an environmental dimension that influences decision-making.

Klukhohn (1951, p. 86) defines culture as:

...patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values.

Hofstede (1991) defines culture more precisely as “the collective programming of the mind which distinguishes the members of one group from another” (p. 21). In order to understand and predict consumer behavior more accurately, researchers have been trying to figure out how a group of people’s mental programming works on different situations.

There are researchers who believe that cultural values are essential factors to consider advertising standardization and should be one of the main focuses in marketing research. Some scholars, like Kanso and Alan Nelson (2002), disagreed with the idea that advertising campaigns can be used with a universal approach to meet the needs and motivations of people all over the world. They found that the cultural difference determines the marketing decisions on standardization and believed “local concerns must be considered for successful international advertising campaigns.” (p. 87)

Hofstede's (1980) work on cultural values gave significant implications on cross-cultural study in areas of marketing and communication. Based on a study of a data set collected from worldwide IBM employees, his model of value dimensions was established to find the cultural differences in the workplace by explaining that people are not motivated by the some concepts across different countries. He categorized different cultures by four dimensions: Power Distance Index [PDI] - societal desire for social status or hierarchy; Uncertainty Avoidance Index [UAI] - societal

resistance to personal uncertainty; Individualism Index [IDV] - societal preference as a group or individual; and Masculinity Index [MAS] - a gender role differentiation in society. This approach has been cited most by marketing researchers as well as social cultural scholars (Dawar & Parker, 1994; Roth, 1995).

Based on the model of four cultural value dimensions, from 1991, Hofstede and Bond added the fifth and sixth dimensions, the Long Term Orientation (LTO) and Indulgence (ING), in which they included China and extended the number of samples to 93. Hofstede's model has been cited and validated by hundreds of professional cross-cultural studies across multiple subjects, including sociology, marketing research, and medicine (Dorfman and Howell, 1988; The Hofstede Center, 2015).

### POWER DISTANCE INDEX [PDI]

Mulder (1977) defines the “power” as “the potential to determine or direct (to a certain extent) the behavior of another person/other persons...” (p. 90). French and Raven (1959) classified social power into five types: reward power, coercive power, legitimate power, referent power, and expert power. Hofstede (1984) believes that there would be more coercive and referent power used in high PDI cultures while more reward, legitimate, and expert power would be used in low PDI cultures.

Power distance is the extent to which the person who has less power in a society can take inequality from people who have more power and accept it as normal. Inequality and hierarchies are common things in any culture, but the degree to which people in that culture would take it as normal is different among different cultures (Hofstede, 1984). Generally speaking, in high power distance cultures, there is more hierarchy or unequal power distribution among social elements, such as family, school, company and community. For people living in those countries that have high power distance, power, wealth, prestige and status would be more desirable in dealing with unequal social situations (Hofstede, 1991).

### UNCERTAINTY AVOIDANCE INDEX [UAI]

UAI measures the extent to which cultures can tolerate uncertainty, which can result from rule orientation, employment stability or stress. Every person is conscious that he/she lives with

uncertainty, but the degree of it is different. Cultures with a higher UAI, which creates more intolerable anxiety, are very sensitive to ambiguity and try to avoid unexpected situations. As a result, stricter rules for social behavior, either formal or informal, become the major frame of societies. Every element of society is expected to act as planned under clear and straightforward rules, so that people can defend against uncertainties resulting from the behavior of others. Technology and religions also help people to defend themselves from uncertainties caused by nature or society (Hofstede, 1984, 1991).

Research also shows that the faster the economic growth, the higher the UAI would be. Frustration results from the unexpected circumstances of this culture that may undercut members' willingness to take risks. On the other hand, societies with low UAI are more encouraged to accept risks, which is crucial to innovativeness and entrepreneurial spirit (Hofstede, 1984, 1991).

### INDIVIDUALISM [IDV]

IDV evaluates the extent to which individuals make decisions based on the consideration of each individual rather than a group, and it reveals the relationship between an individual and the community he or she belongs to (Hofstede, 1984, 1991).

In individualistic cultures, instead of concern about a group's benefits, individuals focus on their own considerations, which allows them to put their personal interests as their highest priority in which they invest most of their time and energy. By contrast, in a collectivistic culture, members have a strong cohesiveness to the organization so that they make decisions based on the well being of the group, or the benefit of other members. Markus and Kitayama (1991) found that compared to Asians, Westerners generally focus more on independence, and the views of individuals, whereas Asians focus more on connectedness, social context, and relationships, or so called "interdependent view."

The US is considered a fairly individualistic culture, in which young people do not feel obligated to take care of their parents, or to get any advice from them, especially after they leave home and become independent, which is in contrast to the situation in Asian cultures like China (The Hofstede Center, 2015).

Although individualism and collectivism were used as variables to differentiate nations and cultures (Hofstede, 1980), they also can be used as individual difference variables to analyze consumer behavior and explain international marketing phenomena.

### MASCULINITY [MAS]

Masculinity measures the degree to which the social roles of its members are clearly distributed based on members' gender. Competitiveness, success, and status are the values that are highlighted under masculine societies, in which members are judged by their wealth, ambitions and achievement, while benevolence, equality, and environmental preservation are the primary values that are emphasized under feminine societies (Hofstede, 1991).

### LONG TERM ORIENTATION (LTO)

This dimension of LTO was added to the cultural dimensions model in 1991 and it describes to what extent a society is trying to maintain its tradition while facing the challenges of modern society and future issues. Societies that have low scores on LTO are called normative societies, which have a tendency to dislike societal changes and prefer to adhere to their traditions. These people usually have strong values and analyze new information carefully and are not so easily changed with regard to the new situations (The Hofstede Center, 2015). By contrast, in pragmatic societies, people are easily influenced by modern education and usually have a higher LTO score.

For example, as shown in Table 2, with its score of 87 on LTO dimension, China represents a pragmatic culture and shows its ability and willingness to adapt its traditions depending on changing situations and circumstances. On the other hand, the US has a score of 26 on LTO dimension, which is a relatively lower score and indicates a normative society.

### INDULGENCE (ING)

As the sixth dimension, the indulgence index measures to what extent people in that society are allowed to control their desires to enjoy life the way they wish. Based on the indulgence index scores, there are two types of cultures: indulgence culture and restraint culture. As an indulgence culture, Table 2 shows the US has a

score of 68 on this dimension which indicates Americans are relatively free to pursue their life goals in their own ways; On the other hand, China as a restraint culture, has a relatively low

score of 24 implying that China is a restrictive society and the freedom to pursue leisure time and desires are constrained (The Hofstede Center, 2015).

**Table 2.** Culture Dimension Scores of US & China

Country	PDI	UAI	IDV	MAS	LTO	ING
US	40	46	91	62	26	68
China	80	30	20	66	87	24

Source: The Hofstede Center, 2015

### HYPOTHESES AND METHODOLOGY

As stated before, cultural values have essential effects on ad standardization preference (Kanso & Nelson, 2002). However, based on the above data, the extent of impact from each cultural dimension has not been compared. So marketers cannot conclude which dimensions, if any, are more important than others, or if they are all equal. Therefore, this study assumes that each of the six cultural dimensions, *PDI*, *UAI*, *IDV*, *MAS* and *LTO*, *IDG*, have different degrees of impact on consumers' preferences of advertising standardization across the US and Chinese markets in the smartphone industry. The study focuses on the research assumption as stated below:

*Hypothesis: Not all the impacts of the six cultural dimensions on consumers' ad preferences are equal.*

An observational study measuring factorial data of the six cultural dimensions and standardization preference index (Hofstede Center, 2015; Liu, 2014) is conducted through an Analysis of Variance (ANOVA) to test if the impact of the six cultural dimensions on ad standardization are statistically the same or not. The extent of impact is measured by the cultural dimension score divided by the standardization preference index of that country. The data obtained to conduct ANOVA is listed in Table 3:

**Table 3.** Effect of Culture Dimension on Ad STD Preference

	PDI	UAI	IDV	MAS	LTO
US	0.80	0.92	1.82	1.24	0.52
CHI	0.91	0.34	0.23	0.75	0.99
Mean	0.85	0.63	1.02	1.00	0.75
Variance	0.01	0.17	1.27	0.12	0.11

**Table 3.** ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0.84	1.00	0.84	2.94	0.15	4.06
Columns	0.22	5.00	0.04	0.15	0.97	3.45
Error	1.42	5.00	0.28			
<b>Total</b>	<b>2.48</b>	<b>11.00</b>				

## RESEARCH FINDINGS

As shown in Table 4, the ANOVA p-value is higher than the significance level of 0.10, indicating there is insufficient evidence to conclude that the impact of all cultural dimensions on ad standardization are not equal across the US and China. The marketing implication from this analysis is that it is hard to make decisions (ad standardization or localization in this case) based on differences of specific cultural dimensional scores. In other words, it is not supported to claim causality between specific a cultural dimension and ad standardization preference. For example, having a high LTO score, China is regarded as a pragmatic culture and willing to be adapted by new values compared to the US, which has a low LTO and is a normative society. However, based on the findings of this study, the LTO score cannot be a singular reason to standardize or localize ad appeals, or to explain the Chinese consumer patterns that discovered by Tai *et al* (2002) and Liu *et al* (2014). All cultural dimensions should be considered as a whole and weighted no differently to analyze the linkage between culture and ad preference.

## LIMITATIONS AND FURTHER RESEARCH

Based on limited data, this study demonstrated the cultural effects of the theoretical frameworks and their linkages with advertising appeals and cultural differences in smartphone markets. The analysis on the marketing phenomenon related to standardization in terms of cultural dimensions that influence the marketing strategy in Chinese and the US smartphone markets provides valuable insights on global marketing strategy for MNCs.

However, as a case study, the results of this analysis are based on samples from only two nations (the US and China) and the external validity is highly contained and cannot be generalized over other countries nor industries. Regarding further research, additional study across multiple nations will attempt to establish a relationship between culture dimensions and ad standardization intentions and will be invaluable in both empirical business practice and academia research.

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