

A methodology of the study of the impact of cross-cultural differences on consumer behavior in the B2B market

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Abstract. In this article, the author proposes an approach to the study of the impact of cross-cultural differences on consumer behavior in the business market. As part of this approach, the author puts together a model of culture based on three structural elements reflecting the values of the country's business culture and the characteristics of the material and institutional environment adapted to the specificity of the market of industrial roundwood. The author works out a methodological toolbox to establish a link between the model of culture and the characteristics of consumer behavior. The article provides the results of an expert survey, which are used by the author to construct matrices of combination of the elements of the model of culture and consumer behavior.

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Introduction

In the present-day world, amid the processes of globalization and erasure of territorial borders, there is gaining momentum a new area of research at the confluence of marketing, management, sociology, and culturology – cross-cultural analysis. Cultural factors have a considerable impact on consumer behavior due to the fact that culture is one of the major forces which preordain the behavior of people. Furthermore, culture influences both the choice of products by a single consumer and the process of consumption by society as a whole. Through the legislative system of various levels, national culture impacts the supply of products (the volume and structure of product groups), their promotion (regulating advertising, public relations, stimulating sales), the choice of product distribution channels (wholesale and retail trade), as it supplies consumers and sellers with information, restricts and expands the degree of their freedom, and demonstrates the potential of consuming new products.

The area of cross-cultural research has been investigated in the works of I.V. Aleshina [1, 2], J.W. Berry [3], Y.H. Poortinga [3], M.H. Segall [3], P.R. Dasen [3], Ye.P. Golubkov [4], N.V. Kuznetsova [5], N.M. Lebedeva [6], D. Matsumoto [7], A.N. Tatarko [8], J. Agarwal [9], K.N. Malhotra [9, 10], R.N. Bolton [9], R. Dimitrova [11], M. Bender [11], V.F.J. Van de Vijver [11,12], F.M. Cheung [12], F.T.L. Leong [12], F. Kotler [13], J. Caslione [13], M. Malda [14], M.Q. Temane [14], J.C. Mowen [15], R.R. Gesteland [16], G.A. Gelade [17], L.E. Harrison [18], D.K. Rigby [19], K. Gruver [19], J. Allen [19], G.J. Hofstede [20], P.B. Pedersen [20], E. Owe [21], V. Vignoles [21], M. Becker [21], R. Brown [21], P. Smith [21], S. Lee [21], and others. An analysis of

works by the above scientists has revealed that currently cross-cultural research is predominantly based on the use of the empirical approach. That said, there still remains the issue of a lack of a single methodological toolbox for the analysis of the impact of models of culture for particular countries on consumer behavior in specific commodity markets. Existing approaches to cross-cultural analysis normally reflect the specificity of the cultures of particular countries, which makes it difficult to use them in relation to the cultures of other countries. All this substantiates the topicalness of the subject of study and its having been poorly investigated. Within the scope of this article, culture is viewed through the prism of marketing ideas and concepts.

Methods

Economic literature dedicated to the analysis of the impact of cross-cultural differences on consumer behavior predominantly examines consumer behavior in B2C markets, while these processes in B2B markets remain poorly investigated [13, 21]. The development of a methodology for the study of the cross-cultural characteristics of consumer behavior in B2B markets requires transforming J.C. Mowen's model of culture, which is popular among researchers, to the characteristics of the B2B market (Figure 1).

The key distinction of the model of culture, which underlies consumer behavior in the B2B market, is the substitution of the "values of the country's business culture" block for the "cultural values of personality" block. In defining the values of the country's business culture, one needs to characterize the characteristics of business culture, which will help identify guideposts in making managerial decisions: the characteristics of

conducting negotiations; business etiquette and norms; the firm's attitude towards the quality of products; the firm's attitude towards the openness and credibility of business information, etc. In this regard, the adapted system of values for assessing the business environment of a particular country will take on the following form (Table 1).

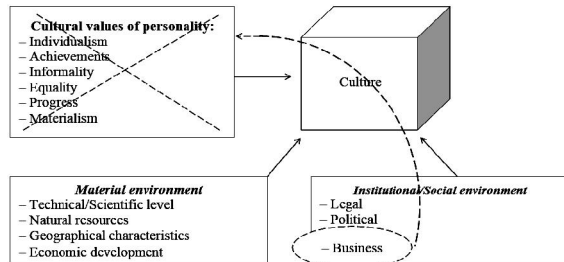


Figure 1: A transformation of the classic matrix of culture to the characteristics of the B2B market, developed by the author

Table 1. A system of values for assessing the business environment of a particular country [1, 2, 3, 7, 15]

Cultural values characterizing the characteristics of the country's business culture	Characterization
1. Individualism/Collectivism	Helps establish the way a decision is made on a deal and its terms and conditions: whether the decision is made by one person or the making of the decision is influenced by a particular group of persons (a collective).
2. Taking risks/Security	Helps establish whether the firm's senior management is capable of taking certain risks in striking the deal.
3. Resolving issues	Helps establish the way the partners will resolve issues arising in the process of partnership.
4. Officialness (professionalism)/ Informal style	Helps establish in what setting the business meeting will be taking place and its content: whether the discussion will be aimed at just resolving specific issues or whether there will be possible digressions related to the partner's personal life.
5. Straightforwardness/Veiledness	Helps establish the way to shape the discussion with the business partner: whether to use subtle hints and speak figuratively or be straightforward and refrain from using figurative language and hints.
6. Credibility and openness of information/"Commercial secret"	Helps establish the firm's attitude towards the accessibility and credibility of information on the partner and the "transparency" of one's activity.
7. Rationalism and pragmatism (orientation towards facts and logic)/ Strength of emotions and feelings	Helps establish what specifically the partner takes into account in making a particular decision: facts and figures or whether it is the emotional (sensory) component of the manager's personality (compassion, understanding, etc.) that is of primary importance.
8. Attitude towards partner's reputation	Helps establish to what degree the partner's reputation is crucial to clinching the deal, which is fundamental in the choice of partner: one's reputation or specific actions.
9. Financial well-being	Helps establish whether the amount of earned money is an indicator of success, whether in making decisions the partners are guided by the material component of the deal or whether there are other motives for making a particular decision.
10. Social stance	Helps establish whether the partner is interested in just the material side of the deal or whether it is also the social component of the firm's activity that is of importance.

To describe the elements of the "material environment" and "institutional environment" blocks of the model of culture, one needs to adapt them to the characteristics of a specific business market of goods and services. As part of this study, we suggest examining the model of culture through the example of the market of industrial roundwood of particular countries in the Asia-Pacific region. A model of culture adapted to the characteristics of the market of industrial roundwood is provided in Figure 2.

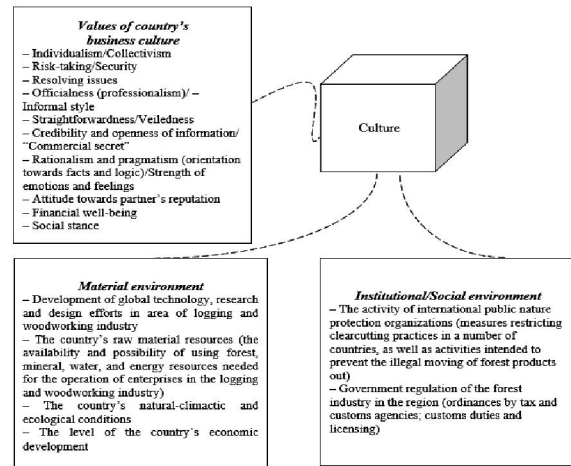


Figure 2: A transformed matrix of culture adapted to the characteristics of the market of industrial roundwood, developed by the author

We suggest conducting the assessment of the elements of the model of culture using the expert survey method, a Likert scale serving as the major measurement instrument [10]: where 1 = Strongly disagree, 2 = Disagree, 3 = Neither agree nor disagree, 4 = Agree, 5 = Strongly agree.

To establish cross-cultural rifts, one should attempt to superpose models of culture for different countries. This will help identify similarities and differences between models of culture and serve as a basis for the development of company strategies (goods-, prices-, sales-, and communications-wise) (Figure 3).

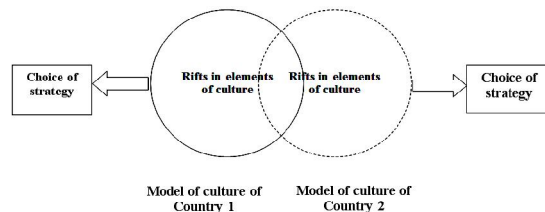


Figure 3: Cross-cultural rifts, developed by the author

To assess the impact of cross-cultural differences on consumer behavior, we suggest using the statistical method of data analysis by constructing

matrices of combination of the elements of culture and the characteristics of consumer behavior in respect of selected products, prices, sales, and promotion (Table 2).

Table 2. A matrix for assessing the degree to which the characteristics of consumer behavior match the elements of the model of culture, adapted to the market of industrial roundwood

Characteristics of consumer behavior	Elements of culture	Values of country's business culture	Material environment	Institutional environment
<i>Product</i>				
Choice of sort and species of timber				
Choice of type of industrial roundwood (saw logs, veneer logs, other industrial roundwood). Choice is associated with future purposes of using industrial roundwood.				
Presence of damaged products in shipped batch				
Volume of order (batch)				
<i>Price</i>				
Level of prices for timber (equal to global prices/higher/lower)				
Availability of discounts (allowances, quantity discounts, etc.)				
<i>Place</i>				
Discussion of terms and conditions of contract and concluding it				
Use of wood-trading sites and timber exchanges online				
<i>Promotion</i>				
Promoting product through company's participation in exhibitions, fairs, and contests				
Availability of information booklets with supplier company				
Availability of promotional gifts with supplier company: pens, notepads, etc.				
Availability of discounts as element of stimulating sales				

The developed methodology of study will help establish whether there exist cross-cultural differences that impact consumer behavior in the market of industrial roundwood and in what way they impact the development of the marketing mix of companies operating in the market under study.

Main part

On the strength of the developed methodology, there was conducted an expert survey whose results helped identify the more characteristic values of business cultures inherent to countries that consume industrial roundwood from particular countries in the Asia-Pacific region (the US, China, Russia) (Figure 4).

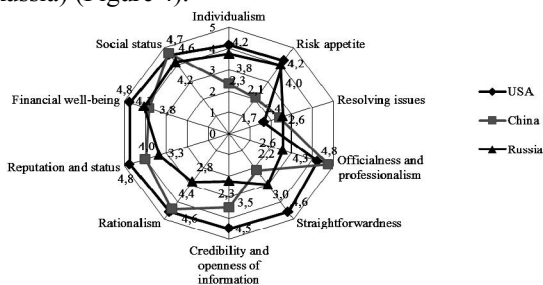


Figure 4: A comparative analysis of average scores for the values of the business cultures of the US, China, and Russia, 2014, developed by the author

The business culture of the US. The results of the analysis (Figure 4) indicate that the business culture of the US is mostly characterized by such values as the partner's financial well-being, reputation, and social status. Note that, according to experts, when speaking with a representative of an American company one should avoid being ambiguous, hints, and veiledness. Also in clinching a deal American partners rely, first and foremost, on logic and facts – the emotional component plays a negligible role in this regard. Besides, business partners from the US value the openness and accessibility of information.

The business culture of China. Officialness and professionalism are definitely in conformity with China's business culture. Business partners from this country prefer to have a discussion in a formal setting, without going into one's personal life. Chinese business culture is rather characterized by collectivism. Representatives of the Chinese business environment are rather not inclined to risk-taking, prefer to thoroughly study all the aspects of the deal, and do not rush in making decisions. They are characterized by rationalism and are very scrupulous people who do not make decisions without an in-depth dissection of all the aspects of the matter.

The business culture of Russia. Russian business culture is rather not characterized by officialness and professionalism in conducting negotiations and clinching deals; common are informal meetings with business partners; important components are the reputation of the business partner and the social significance of the company; Russian entrepreneurs are quite adventurous and not always rational.

On the whole, it should be noted that the smallest rifts in the characteristics of the business values of models of culture for the US, China, and Russia are registered in the following elements: financial well-being and the company's social status. The biggest rifts are registered in straightforwardness, risk appetite, the credibility and openness of information.

The results of the analysis of the elements of the material and institutional environment of models of culture for the US, China, and Russia indicate small rifts in expert assessments, which attests to the prevailing influence of the values of business culture in the market of industrial roundwood (Figure 5).

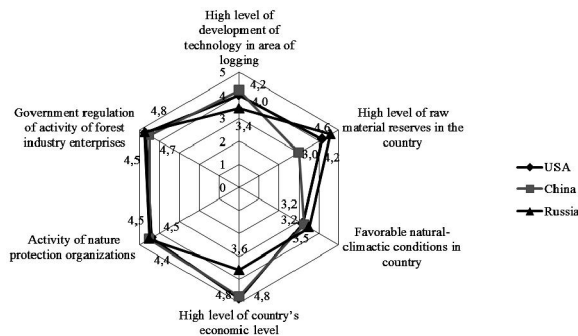


Figure 5: A comparative analysis of average scores for the elements of the material and institutional environment of models of culture for the US, China, and Russia, 2014, developed by the author

On the strength of the results of the expert survey, the author constructed matrices of combination of elements forming the model of business culture and the characteristics of consumer behavior in the market of industrial roundwood (Figures 6-8).

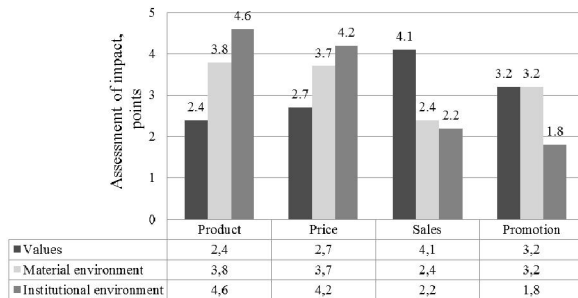


Figure 6: A matrix for assessing the impact of the elements of culture on consumer behavior in the US market of industrial roundwood, 2014, developed by the author

The analysis of the matrix of combination of the characteristics of consumer behavior and the elements of the model of culture in the US market of industrial roundwood indicates a high degree of impact of the elements of the institutional environment on consumer behavior in respect of the choice of product and price (the value on a Likert scale – 4.2-4.6).

A detailed account of the characteristics of the product being chosen is provided in the survey's toolbox (Table 2) and includes: the sort, species, and kind of timber, and the volume of the order. Values forming the model of business culture to a significant extent underlie the characteristics of consumer behavior in respect of sales channels (the value on a Likert scale – 4.1).



Figure 7: A matrix for assessing the impact of the elements of culture on consumer behavior in China's market industrial roundwood, 2014, developed by the author

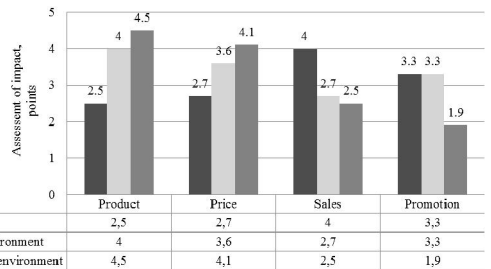


Figure 8: A matrix for assessing the impact of the elements of culture on consumer behavior in Russia's market of industrial roundwood, 2014, developed by the author

The analysis of combination of the characteristics of consumer behavior and the elements of models of culture in the market of industrial roundwood of China and Russia (Figures 7-8) indicates a high degree of impact of the elements of the institutional environment on the characteristics of consumer behavior in respect of the choice of product and price characteristics. To a large extent, this is associated with a high significance of government regulation of the activity of enterprises within the forest industry. The values of the business environment mainly impact the discussion of the terms and conditions of the contract and the choice of sales channels (wood-trading sites, exchanges, etc.).

Thus, the material and institutional environment mostly impact the characteristics of consumer behavior in the choice of product and level of prices in the market of industrial roundwood, while the values of business culture impact the choice of business partner, conducting negotiations (discussing the terms and conditions of a contract), and promotion.

Inferences

As part of this study, the author proposes a toolbox for the analysis of cross-cultural differences on consumer behavior in the market of industrial roundwood. The author has marked out the characteristics of the formation and construction of

models of culture inclusive of the specificity of the business market. The author has conducted the testing of the proposed methodological approaches, methodologies, and instruments through the example of the market of industrial roundwood of the US, China, and Russia. When used in the activity of international companies, the developed cross-cultural analysis toolbox will help not only avoid cross-cultural conflicts but will facilitate boosting the efficacy of companies' international marketing efforts, improving their competitiveness and advancement into global markets.

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