Individual Preferences Versus Group Preferences: the Effect of Cultural Orientation on Consumer Receptivity to Customized Offers

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Marketing activities increasingly involve customizing products to the individual preferences of customers. However, individual preferences may not be important for product choice for all consumers alike. Providing evidence of the limits of customization, two experiments show that consumers who exhibit interdependent or collectivistic tendencies tend to be more receptive to offers that are not customized to their own individual preferences, but instead to the average preferences of relevant in-groups. However, the interactive effect of cultural orientation and type of marketing approach on receptivity to customized offers is only obtained for products that are consumed in public.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/12451/volumes/v33/NA-33

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EXTENDED ABSTRACT

Marketing activities are shifting increasingly from a focus on market segments and targeting to a focus on individual consumers and customization. While providing products or services to satisfy the wants and needs of customers has always been at the core of the marketing concept, the degree to which companies seek to match their offerings to customers’ individual tastes has changed dramatically over the past few years (e.g., Simonson 2005).

While both customers and companies may benefit from customization (e.g., Alba et al. 1997; Häubl and Trifts 2000; Lynch and Ariely 2000), the success of tailoring product offers to individual preferences is based on assumptions that may not always hold. Specifically, customization assumes that consumers rely on their individual preferences when making choices and will reward those companies that provide them with products that match their preferences most closely. However, prior research in cross-cultural psychology has shown that, in many cases, consumers’ individual preferences may be less important (and hence less predictive of choice) than the average preferences of relevant in-groups.

One of the most widely researched cultural difference variables in marketing and psychology relates to Hofstede’s (1980) dimension of individualism-collectivism (e.g., Han and Shavitt 1994). Referring to the relationship between an individual and the larger collective, individualism-collectivism describes how individuals weigh their personal goals against those of a relevant group, such as their family, friends, or co-workers. Furthermore, in relating to how valued the individual is relative to the group, the individualism-collectivism dimension affects how individuals construe the self, others, and the interdependence between the two (Markus and Kitayama 1991).

Differences in how individuals define themselves in relation to others have stable and predictable consequences for cognition, emotion, and motivation (Markus and Kitayama 1991), including for the relative importance of individual preferences compared to social norms or collective preferences. For example, Singelis (1994) shows that members of collectivistic (vs. individualistic) cultures are less likely to perceive it to be their right or duty to make choices that reflect their personal inner attributes, and are much less concerned with being distinct from others. This is, collectivists (vs. individualists) tend to rely more on external factors, such as their role in a group or their relationship with other group members, than on their internal attributes (Hofstede 1980; Markus and Kitayama 1991; Morris and Peng 1994). Collectivistic (vs. individualistic) consumers tend to act in accordance with the expectations of others to express their interdependence and connectedness, rather than in accordance with their individual preferences. Furthermore, Iyengar and Lepper (1999) find that Asian American children are more motivated and perform best in situations in which choices were made for them by relevant in-group members, but for Anglo American children motivation and performance are best when they make their own choices.

This suggests that the success of customizing marketers who uniquely tailor product offers to individual preferences may be limited by the cultural orientation of their customers. In particular, consumers who exhibit interdependent or collectivistic tendencies may be less receptive to product offers that are based on their individual preferences, and more likely to patronize marketers that provide them with offers that are based on the preferences of other consumers like them.

It is therefore important to consider the conditions under which consumers are receptive to customized offers. In particular, we investigate differences in receptivity to customized offers due to cultural orientation, operationalized as interdependent versus independent self-views in our first study, and show that as expected, individuals with an interdependent self-construal respond less favorably to a customized offer than individuals with an independent self-construal. Furthermore, Study 2 replicates this effect by operationalizing cultural orientation as collectivism versus individualism. Specifically, we show that collectivistic individuals are less receptive to a customized offer than individualistic individuals. However, Study 2 also finds a boundary condition of the effect, showing that collectivists only respond more favorably to those offers that are not based on their own preferences when these are consumed in public. The difference in receptivity to the customized offer due to cultural orientation is eliminated for products that are consumed in private. Additionally, we show that the effect of cultural orientation on receptivity to customized versus segmented product offers is independent of consumers’ need for uniqueness and is not due to differential levels of a need for control.

The results of this research have important implications for marketers, showing that there is a distinct segment of consumers that evaluates customized offers less favorably than offers provided to them based on a segmentation approach. These consumers may be lost if they are forced to customize or personalize a product to their own specifications.

REFERENCES


