THE EFFECTS OF CULTURAL INDIVIDUALISM ON CONSUMER SELF-CONFIDENCE FOR MARKETPLACE INTERFACES

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This paper examines the effects of cultural individualism on consumer self-confidence for marketplace interfaces (CSC-MI), a proxy for consumers’ propensity to voice, and the mediating effects of general self-confidence. We explore these relationships in the U.S. and South Korea to assess whether culture is an explanatory variable of voicing in the context of dissatisfactory marketplace experiences. We conduct the analyses using a multi-group structural equation model and find that individualism, as an individual-difference cultural characteristic, has a positive affect on consumers’ propensity to voice in each of the cultural groups, and that general self-confidence fully mediates the relationship between individualism and consumers’ propensity to voice.

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EXTENDED ABSTRACT

Businesses that encourage voicing by dissatisfied consumers have an opportunity to learn of problems arising during consumption and, in turn, to take corrective action. Past research suggests firms that provide consumers with an opportunity to voice have higher customer retention rates, help diminish negative word-of-mouth, and improve bottom line performance (e.g., Fornell and Wernerfelt 1987, Bolding 1989, McCollough and Bharadwaj 1992, Kelley, Hoffman, and Davis 1993, Reichheld 1996). Moreover, proper handling of voicing can improve customers’ perceptions of service quality and enhance customer relationship with and commitment to the firm (Tax, Brown, and Chndrashekar 1998).

This paper examines the effects of cultural individualism on the consumer self-confidence for marketplace interfaces (CSC-MI). This facet of consumer self-confidence focuses on consumers’ ability to stand up for their rights and to express their opinions when dealing with marketing personnel (Bearden, Hardesty, and Rose MI). This facet of consumer self-confidence is a construct indicative of consumer’s propensity to engage in a consumer voicing behavior.

An important contribution of the present study is an attempt to relate an individual-level cultural characteristic to other individual-level psychological variables. Most studies in the cross-cultural domain thus far have failed to measure the cultural variable and drew conclusions about differences in dependent measures based on the assumption that cultural differences exist. In this research, we offer a unique approach to cross-cultural analysis. Rather than simply comparing means, which is not warranted in most cross-cultural studies due to lack of scalar measurement invariance, we link an individual difference cultural variable to two other individual difference psychological variables to show that such direct relationships are indeed present in differing cultural systems (Leung 1989).

Past research suggests that cultural individualism can influence the propensity to engage in voicing. In individualistic societies, where people’s social circles are large and constantly changing, people favor methods of adjudication to facilitate an all-or-nothing outcome (Leung 1987). Further, respondents in an individualistic culture (U.S.) preferred dispute resolution using adversary procedures rather than non-adversary conflict resolution which were favored by collectivists respondents from Hong Kong (Leung and Lind 1986). In contrast, collectivistic respondents from Taiwan were found to prefer obliging and avoiding styles in conflict resolution more than their American counterparts (Trubinsky, Ting-Toomey, and Lin 1991). These findings suggest that less individualistic consumers avoid direct voicing behaviors because of the concern of violating relational harmony by confronting the person or company responsible for failure. Research by Huang (1994) also supports this perspective by showing that Americans are more likely than Taiwanese subjects (presumed to be less individualistic than Americans) to complain directly to the seller or take legal action in response to a dissatisfying purchase.

Based on these perspectives, we hypothesize that greater cultural individualism is associated with a greater propensity to engage in voicing (measured by CSC-MI). We also hypothesize that the relationship between individualism and consumer propensity to voice will be mediated by general self-confidence, that is, the more individualistic consumers, the more self-confident they are, and, in turn, the more likely they are to engage in voicing.

Our data set includes demographically matched convenience, non-student samples of 280 adults from the United States and 513 from South Korea. The data were collected using a mail survey methodology. We conduct the analyses using a multi-group structural equation model to assess whether the hypothesized relationships are present in the two differing cultural systems (i.e., United States and South Korea). First, we assess the measurement model and the measurement equivalence of constructs between the two samples. We find that the measures exhibit appropriate reliabilities and the constructs are characterized by configural and, at least, partial metric invariance between the two different cultural groups under study. Second, we use a multi-group, hybrid structural equation model to test the hypothesized relationships. This model exhibits an appropriate level of fit. In support of hypothesis 1, the results of the structural path model show that individualism, as an individual difference cultural characteristic, has a positive affect on CSC-MI in each of the cultural groups. This relationship is assessed using the analysis of total, direct, and indirect effects (Brown 1997). Additionally, our results support hypothesis 2, indicating that general self-confidence fully mediates the relationship between individualism and CSC-MI (Baron and Kenny 1986, Brown 1997).

To determine whether the structural paths are invariant between the two samples, Chi² difference tests between the unconstrained default model and series of constrained models in which each path is constrained to be equal between the two samples are performed. Our multi-group analyses indicate that all structural paths are statistically invariant between the two cultural samples.

Our study makes a number of important contributions to the cross-cultural research domain in the context of understanding cultural influence on consumer behavior. First, we find that cultural individualism, measured as an individual difference variable (rather than pan country) has a direct and positive impact on consumers’ propensity to voice. Additionally, our results indicate that general consumer self-confidence fully mediates the relationship between individualism and consumer propensity to voice.

Second, we contribute to the growing literature related to the measurement challenges in the cross-cultural research context. Consistent with previous studies incorporating the measurement invariance analyses (e.g., Mullen 1995, Singh 1995, Steenkamp and Baumgartner 1998), we find that scalar invariance is very difficult to establish in a cross-cultural research context, and thus testing for mean differences is not appropriate. However, we are able to establish configural and metric invariances for our measures.

Third, our study provides insights for companies doing business with consumers from multiple cultures. Specifically, companies operating in cultures or cultural groups characterized by low individualism might consider implementation of communication strategies to encourage consumers to voice their dissatisfaction. In view of our findings, communication strategies focusing on boosting general self-confidence could prove particularly useful because there is clear positive link between the level of individualism and general self-confidence. The results of this study may also have implications for governmental consumer protection policy. Realizing that certain cultural groups exhibit lower levels of general self-confidence, and thus, are less prone to voice problems they encoun-
ter in the marketplace, governmental organizations might consider a public policy to encourage consumers to share their negative experiences, including facilitating complaints.

REFERENCES


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