Do Ethnic Marketing Efforts Pay Off?: Interaction Effects of Accommodated Brand and Price on Product Evaluation and Purchase Intention

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As a result of increasing migration, marketers target ethnic groups with culturally accommodated marketing. However, little is known about how ethnic marketing affects consumer response and whether it pays off. Drawing on accommodation theory and existing literature, our paper contributes to the consumer behavior literature by investigating the effects of an accommodated brand on affective and cognitive product evaluation as well as on purchase intention. Results reveal that an accommodated brand does not affect cognitive product evaluation. Moreover, an accommodated brand has a moderating effect on the impact of price on affective product evaluation and purchase intention.

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EXTENDED ABSTRACT

In the course of history, especially through globalization and the coalescence of many different countries to confederations (e.g., the European Union), migration has become a common phenomenon all over the world—resulting in large ethnic groups in many domestic markets. As a result of this changing ethnic landscape, marketers increasingly target ethnic groups with culturally accommodated marketing. Consequently, consumer researchers are engaged with the questions of whether ethnicity is a viable variable to segment markets, and whether targeting ethnic groups with culturally oriented marketing pays off. In spite of this growing interest in ethnic marketing, research in this field is still fairly limited, even in the U.S. where ethnic marketing has evoked most attention (Burton 2000). Furthermore, the range of issues addressed in the studies is narrow. First, due to the dominance of U.S. research papers, studies focus on ethnic groups in the U.S. Second, most of these studies focus on ethnic advertising and neglect accommodation options of other marketing tools, such as culturally oriented brands (Burton 2000). Last, in large part the studies are limited to efforts to determine behavioral differences between consumers of various cultural groups, and trying to account for these to cultural factors (Holland and Gentry 1999; Hirschman 1981).

Extending our knowledge about consumer responses to ethnic marketing, our contribution to the literature is threefold. First, using an accommodated brand we analyze a marketing tool other than advertising. Second, we differentiate between consumer affective, cognitive, and conative responses to ethnic marketing measures. Third, we investigate the specific impact of an accommodated brand on price premium options for a German ethnic group.

Drawing on accommodation theory (Holland and Gentry 1999) and existing findings of research on ethnic marketing, brand, and price, we derived our hypotheses. We propose that culturally accommodated brands improve cognitive and affective product evaluation as well as purchase intention. Moreover, we propose that accommodated brands moderate the relationships between price and cognitive product evaluation, affective product evaluation, and purchase intention.

We tested our hypotheses in collaboration with a German mobile telephone service provider, gathering data from 100 Turkish respondents, and using a scenario-based experimental fixed-factor 2 x 2 between-subjects research design. Our stimuli were four different fictitious products which were presented randomly to the participants. Price (high vs. low single surcharge per call to Turkey) and brand (neutral vs. Turkish brand name with Turkish national symbols) were selected as independent variables, whereas the phone rates were reduced to four fixed connections for the ease of presentation to the test subjects (calls on German landline and all German mobile networks, calls on Turkish landline, calls on all Turkish mobile networks, single surcharge per call to Turkey).

The effects of accommodated brand and price on the dependent constructs were tested by conducting a MANOVA. The results indicate significant main effects and a significant interaction effect. In order to determine the effect of the stimuli on each dependent construct we conducted Follow-Up-ANOVAS, which revealed that the affective product evaluation and the purchase intention were both influenced by an interaction effect (brand x price). In contrast to our proposition, we did not find a significant interaction effect on the cognitive product evaluation. Moreover, we found no significant direct effect of brand on cognitive product evaluation. Last, we conducted post-hoc tests to determine whether the hypothesized effects work in the proposed direction. In the case of a high price, the accommodated brand has a positive impact on the affective product evaluation as well as on purchase intention, whereas, in the case of a low price, mean values do not differ significantly from those when no accommodation takes place. Thus, ethnic accommodation at lower prices does not have a significant impact on affective product evaluation or on purchase intention.

Our results have implications for marketing management. In the case of low prices ethnic marketing efforts increase neither affective product evaluation nor purchase intention because the price dominates other cues (here: brand) which affect consumer response. In the case of high prices, purchase intention is higher with accommodated brands than with brands that have not been accommodated. Consequently, cultural adaptations allow higher prices, justifying expenditure on ethnic marketing efforts. As a result, accommodated branding tends to pay off, particularly in situations of larger targeted ethnic groups and those with higher purchasing power.

The effect of price level and branding on cognitive product evaluation is less clear. In contrast to our hypothesis, we found no effect of price and brand on cognitive product evaluation. Holland and Gentry (1999) give a reasonable explanation of this result. Due to the mere exposure effect, accommodation may have an affective response even if consumers do not consciously recognize the targeted marketing efforts (here: accommodated brand). In contrast, recognition is a prerequisite for consumers to evaluate products cognitively. Therefore, more research is needed to understand the underlying process of product evaluation in an ethnic context. Further research could also draw on Oliver’s loyalty model, which differentiates between four stages of loyalty—cognitive, affective, conative, and action loyalty (Oliver 1997; Evanschitzky, and Wunderlich 2006)—to extend our knowledge of consumer response to ethnic marketing.

As with all empirical studies, this study has limitations. The key limitation here is the design as a laboratory experiment. In order to extend an examination of the results, the experiments can be replicated with heterogeneous samples (field experiments). Moreover, replications with different ethnic groups and in different service industries are needed in order to confirm our findings.

REFERENCES


