

A CROSS CULTURAL STUDY OF CONSUMER DECISION MAKING IN INDIA AND FRANCE

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ABSTRACT

Purpose: *There are over 1000 French subsidiaries in India. The research found that "culture" was an important area of concern for these businesses. However, little research has been done to understand the impact of culture on business in these two countries. The objective of this study is to understand the impact of culture on these businesses.*

Methodology: *A survey using Hofstede's cultural dimensions and consumer decision-making styles studied the behavior of Indian and French consumers. The sample included 47 Indians and 39 French students undergoing their post-graduate management program.*

Findings: *The study which partially supported Hofstede's cultural dimensions found Indians and French to be quality conscious, price-conscious, impulsive, and not brand loyal. However, while Indian consumers were more brand conscious and innovative, French consumers were confused with over choice.*

Implication: *Implications for marketing in both countries, though similar, emerge differently due to demographic profile changes.*

Contribution: *The study contributes to furthering the understanding of the cultural dimension for the success of Indo-French subsidiaries.*

Keywords: Cross cultural marketing, Consumer behavior, Customer satisfaction and Value.

INTRODUCTION

New Delhi states that with over 1000 French subsidiaries catering to various sectors, the India-France bilateral trade stood at 9 billion Euro in 2020 (EOI Paris,2020). Some of the French multinationals currently operating in India include – Alstom, Areva, BNP Paribas, Capgemini, EADS, L'Oréal, Michelin, Renault Motors, Sodexo, and Airbus. Several business schools in India and France have entered into bilateral agreements for student exchange to help students gain a cross-cultural perspective of working in these countries.

Patel (2007) found that for Indo-French alliances, culture was a significant problem. Boros et al. (2014) emphasized the need to understand the Indo-French cultural relationship. In this context, this paper focuses on the cross-cultural dimensions for marketing goods and services in India and France. The paper used the integrated concept of consumer decision-making style inventories (CSI) with Hofstede's typology of culture developed by Leo, et al. (2005) to test the differences between Indian and French consumers empirically.

LITERATURE REVIEW

Hofstede's Typology

Hofstede's classification of cultural dimensions, which was published in 1980, is an essential framework of many cross-cultural studies in marketing management (Furrer, Liu, and Sudharshan, 2000). Using this five-dimensional framework, Hofstede researched to profile the cultural differences/similarities between 72 countries. Figure 1 shows the outcome for France and India.

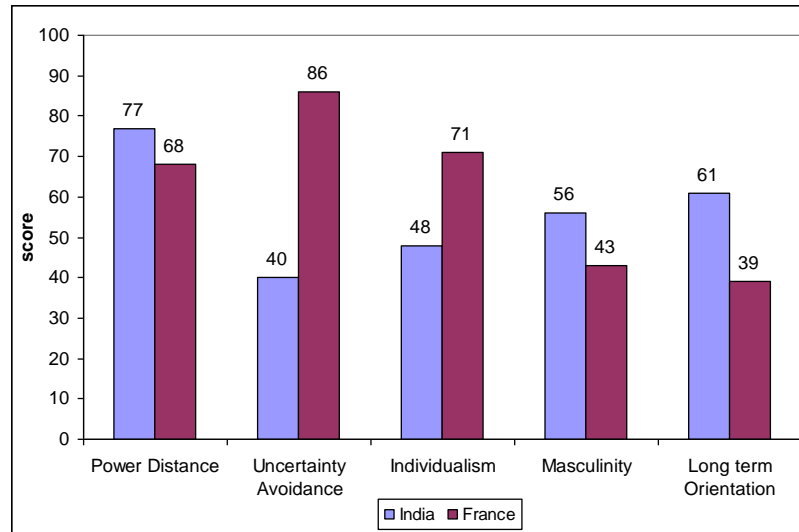


Figure 1

INDIA AND FRANCE SCORES ON HOFSTEDÉ'S CULTURAL DIMENSIONS

Source: Hofstede (1991).

France and India Comparison

The inputs for comparing India and France are drawn from Anne (2012), Leo et al. (2005), Hofstede (1991, 2001), and Boros et al. (2014).

Power distance (Inequality in prestige, wealth, and power): With a 68, France scores relatively high on Power Distance. It is, therefore, a society where a certain degree of inequality is accepted. India, also with a high score (77), accepts hierarchy and a top-down structure in society.

Individualism (Emphasis is on the individual rather than the group): France, with a high score of 71, would focus on taking care of themselves and their immediate family rather than belonging to a group. India ranked 33 has an intermediate score of 48, exhibiting both collectivistic and individualistic traits (Hofstede, 1991).

Masculinity/Femininity (Emphasis is on ego goals such as careers and money). With a score of 43, France is a feminine country that focuses on relationships and collaboration and where material signs of success are not shown off. With a score of 56, India is considered a masculine society where people prefer showing off their success and power.

Uncertainty Avoidance (Tolerance for ambiguity): France has one the highest scores on the Uncertainty Avoidance Index (score 86). The French do not like surprises and therefore do much planning and are intolerant to unorthodox behavior. With a score of 40, India has an inherent tendency to accept imperfection and has a high tolerance for the unexpected.

Long-term orientation (Stability, persistence, and respect for tradition): At 39, France is a short-term-oriented society that goes by norms and looks for quick results. India high on long-term orientation (score of 61), values long-term commitments, and expects long-term rewards due to today's hard work.

Mapping Hofstede's Cultural Dimensions with Consumer Decision Making Styles

Spores & Kendall (1986) identified eight different decision-making styles of consumers - quality-conscious, brand-conscious, innovative/fashion-conscious, recreation-conscious, price-conscious, impulsive, confused by over choice, and brand-loyal.

Mapping these decision-making styles with Hofstede's typology of culture, Leo et al. (2005) have drawn implications for decision-making style for consumers Table 1.

	Power distance	Uncertainty avoidance	Individualism	Masculine orientation	Long term orientation
Definition	Inequality in prestige, wealth, and power	Tolerance for ambiguity	Emphasis is on the individual rather than the group	Emphasis is on ego goals such as careers and money	Stability, persistence, and respect for tradition
Quality conscious	Hierarchy of quality				
Brand conscious	Status and prestige can be reflected through brands		Lack of need for approval from the group for brands		
Innovative		High risk propensity and low resistance to change	Less concerned with making mistakes in front of others	Greater emphasis on material goods and increases propensity to purchase new things	Tradition outweighs the need for variety or innovation
Price conscious			Individualist cultures are more price sensitive and do not care about how being perceived as 'cheap'	Low price often means low quality	
Confused by Over choice		Less likely to consider a greater range of product information and	Tend to rely more on own sources of information rather than social networks		

		alternatives			
Brand loyal		A risk reduction strategy	Brands used to express individual identify		Promotes continuity

Source: Leo et al., (2005)

Using information from Table 1, hypotheses are developed to study the similarities/differences between consumers of India and France. As explained in the earlier section, inputs are drawn from Anne et al. (2012).

Quality Consciousness

As seen, cultures with higher power distance accept hierarchical structures. As stated by earlier studies (Leo et al., 2005), this would also translate into a hierarchy of quality perceptions amongst products and brands. Since both India and France are high on power distance, they would both be quality conscious.

H₁: There will be no significant difference in quality-conscious decision-making between French and Indian consumers.

Brand Consciousness

Brand conscious decision-making refers to a consumer's orientation towards purchasing expensive and well-known brands—Hofstede's dimensions of individualism and power distance influence this decision-making style. Indians being high on collectivism, need social approval for their purchases against the French, who are more individualistic. India being slightly higher on power distance also suggests that there would be a difference between Indians and French on this dimension, with Indians being more brand conscious.

H₂: *Indian consumers are expected to be more brand conscious as compared to French consumers.*

Innovative

Consumer innovativeness was more prevalent in cultures that are more individualistic, masculine, and lower in uncertainty avoidance (Steenkamp, Hofstede & Wedel, 1999). Members of individualistic cultures focus on high public self-consciousness, variety-seeking, and less conformity behavior (Hofstede, 2001). People with a higher masculine orientation have a higher propensity to buy new things and therefore tend to be more innovative. Again, a low score on uncertainty avoidance indicates high-risk propensity and low resistance to change, suggesting more remarkable innovative behavior.

France, though it has a high score on individualism, its feminine orientation, and a low score on uncertainty avoidance, suggests less innovative behavior. India, on the other hand, with a high score on masculinity, a low score on uncertainty avoidance, and a society that is both individualistic and collectivistic, would be innovative in decision making.

H₃: *Indian consumers will be more innovative in their decision-making during purchase as compared to French consumers.*

Recreation Conscious

Recreation consciousness refers to the extent to which shopping is considered pleasurable and fun (Sproles & Kendall, 1986). Earlier studies (Leo et al., 2005) have shown that pleasure and fun are internal states, and they would not be affected by culture, so no difference is expected between India and France.

H₄: There will be no significant difference in recreation consciousness between French and Indian consumers.

Price-Conscious

Individualist cultures are more price-sensitive and do not care about being perceived as 'cheap' and price-conscious. On the other hand, Zhou & Nakamoto (2001) found collectivistic cultures concerned with maintaining prestige and status and therefore buy high-priced goods lest being perceived as 'cheap.' Another Hofstede dimension related to price consciousness is masculinity. A masculine-oriented culture that emphasizes ego-goals suggests that purchasing high-priced goods communicates their intention to buy high-quality products. France being feminine and individualistic, is expected to be more price conscious as against India, which is more collectivistic and masculine.

H₅: French consumers are expected to be more price conscious as compared to Indian consumers.

Impulse Buying

People high on uncertainty avoidance resist change, and therefore France with a high score is expected to be less impulsive than India, which has a low score on uncertainty avoidance.

H₆: Indian consumers are expected to be more impulsive than French consumers.

Confused by Over-Choice

With one of the highest scores on uncertainty avoidance, France may feel stressed by the ambiguity that too many choices present, whereas Indians with a low score on uncertainty avoidance would be able to manage with over choice.

H₇: French consumers are expected to be more confused by over choice than Indian consumers.

Brand Loyalty

Since brand loyalty is a risk reduction strategy, countries high on uncertainty avoidance (France) are more likely to be brand loyal than countries low on uncertainty avoidance (India).

H₈: French consumers are expected to be more brand loyal than Indian consumers.

METHODOLOGY

The questionnaire adopted from Leo et al., 2005 consisted of demographic questions, items for the consumer decision-making index (Sproles & Kendall, 1986), and their cultural

background. The survey used a five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree. The study was conducted on English-speaking respondents to help maintain the same set of questions for India and France. Like Leo et al. (2005), this research studied the general approach to purchasing goods rather than a specific product type. The sample included 47 Indians and 39 French students undergoing their post-graduate management program.

Analysis

An average score was computed for each decision-making style across the respondent's various items (questions). Mean scores were compared between the two population groups using ANOVA to test the hypotheses. The results are summarized in Table 2.

CSI Style	F-stat	Indian consumers_mean	France consumers_mean	Hypothesis	Support for hypothesis
Quality conscious	1.36	2.17	2.38	H1	Yes
Brand conscious	4.41 *	3.93	3.28	H2	Yes
Innovative	8.59 *	2.81	2.44	H3	Yes
Recreation conscious	1.17	2.52	2.61	H4	Yes
Price conscious	0.54	3.13	2.98	H5	No
Impulse buying	0.04	2.23	2.54	H6	No
Confused by over choice	17.47 *	2.88	3.33	H7	Yes
Brand Loyal	0.89	2.40	2.37	H8	No

*Significant Source: Authors.

Hypothesis 1 (quality consciousness), 2 (brand consciousness), 3 (innovative), 4 (recreation conscious), and 7 (confused by over choice) were supported, indicating that there was no difference in the quality consciousnesses between the consumers of the two countries and that Indian consumers are more brand conscious, more innovative, and less confused by choice.

Hypothesis 5 (price consciousness), 6 (Impulse buying), and 8 (Brand loyal) were not supported, suggesting no difference among Indian and French consumers on these three cultural dimensions.

DISCUSSION

The study shows partial support for the applicability of Hofstede's cultural dimensions theory to French and Indian consumer decision-making styles.

Indian consumers

Overall, the study suggests that Indian consumers are price conscious, and they exhibit variety-seeking behavior (willing to experiment with new branded products).

The study supports earlier studies that revealed that the product variety available in store positively affects the overall shopping experience (Mukerjee and Satija, 2012). This is partly because post-liberalization, several foreign brands have entered the Indian market giving the Indian consumer more choice. Mukherjee et al. (2012) also found low loyalty amongst Indian consumers. Similarly, Kumar & Bishnoi (2007) found that Indian consumers highly price sensitive, and Mukerjee and Satija (2012), quoting a study by KPMG (2005), found low priced products constitute most of the sales volume.

French Consumers

The study supports the Desavaux and Greenberg (2010) study, which found that French consumers are price conscious. The study also supports the fact that French consumers are low in brand loyalty (Calin, 2012). Hofstede's theory suggests that French consumers are unwilling to take risks compared to Indians and therefore not expected to be impulsive. However, there was no significant difference between the consumers of the two countries on impulsiveness. Here, French consumers are high on individualism, so such consumers would not give much thought to their social image and would be willing to make mistakes without bothering too much about their impression of society. This could be a possible reason for French consumers also being impulsive. While this study did not capture this, future research could study the interaction between these cultural dimensions to get an idea about which takes precedence over the other.

Managerial Implications

Companies operating in both these countries would face similar situations in the next twenty years but for different reasons. French consumers in 2030 would be dominated by 55 plus consumers accounting for two-thirds of all additional consumption (Desavaux and Greenberg 2010).

This segment having reduced purchasing power when they transit from a salaried job to pension earnings would pose a significant challenge to the less innovative consumers and companies who must try to satisfy these quality-conscious but price conscious consumers. On the other hand, India is set to be the youngest country (Hindu, 2013), with around 60% of the population in the working-age by 2020 (Taneja, 2014). This, coupled with an increased size of the affluent consumer class (increased by 21.4 percent) and the affluent middle class (increased by 12.9 percent) (Shukla, 2010), would put a different challenge in India. As the study suggests, Indian consumers are brand conscious, quality conscious, innovative, but price conscious means the challenge to the marketers is to come out with innovative 'branded quality products at a low price.'

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