

## **CHAPTER 1**

### **Introduction**

This dissertation investigates the effects of core cultural values on consumption attitudes and consumption intentions, along with the effects of ethnicity on ritual practices, using adult residents of Bangkok, Thailand as its population of interest. Core cultural values, ethnicity, and ritual practices are elements of any culture or subculture; consumption attitudes and consumption intentions are features of consumer behavior, a major topic area in marketing.

This dissertation has five research objectives:

1. To identify and measure a set of core cultural values describing Thai people.
2. To explore differences in core cultural values among Ethnic Thai and Chinese Thai people.
3. To test hypothesized relationships between core cultural values and a set of relevant consumption attitudes.
4. To test hypothesized relationships between core cultural values and a set of relevant consumption intentions.
5. To understand the role of ethnicity as related to ritual practices associated with the Thai New Year and Chinese New Year holidays.

To date, no published study has conducted an empirical investigation into Thai core cultural values using measurements that reflect current psychometric theory and practice. No study has investigated core cultural value differences between Ethnic Thai and Chinese Thai individuals nor has any study examined the effects of Thai core cultural values on consumption attitudes and consumption intentions. No study has documented ritual practices associated with New Year holidays as celebrated by the Ethnic Thai and Chinese Thai subcultures. Thus, this dissertation is the first effort to attempt an investigation meeting the five research objectives above.

As introduction to the dissertation's five major constructs of interest, core cultural values describe central, fundamental, and predominant beliefs about end-states or behaviors that almost all Thai people consider good or desirable. These values are learned and shared either through formal instruction or from informal observation of others in Thai society. The values guide day-to-day behavior as well as the pursuit of long-term goals. The values tend to persist over long periods of time and distinguish one culture or subculture from another. The values influence marketing phenomena related to advertising, branding, adoption of innovations, and purchasing behavior. This dissertation studies 13 core cultural values.

Consumption attitudes are learned predispositions to respond to a specific consumption object or consumption situation in a favorable or unfavorable way. Consumption attitudes are formed in part by core cultural values. Consumption attitudes possess strength (centrality) and direction and represent cognitive, affective, and behavioral tendencies triggered by a consumer's exposure to specific stimuli. This dissertation studies seven consumption attitudes thought to be related to one or more Thai core cultural values.

Consumption intentions reflect the likelihood that consciously planned (Ajzen 1991) consumption related behaviors will occur. The relationship between intentions and behaviors has been widely studied in a variety of consumption and non-consumption research settings (Sheppard et al. 1988). The result of these studies is a generalization that intentions predict behaviors with "considerable accuracy" (Ajzen 1991). This dissertation examines 12 consumption intention scenarios designed to reflect the influence of core cultural values.

Ritual practices characterize important occasions as they appear in ceremonies prescribed by members of a group such as a culture or subculture. Ritual practices in ceremonies often distinguish one culture or subculture from another culture or subculture. The practices provide meanings that link cultural or subcultural identities to a culture's members. The practices often include consumption of special products or

services unique to the ceremony under study. This dissertation examines ritual practices contextually bound with two important holidays in Thailand to understand the impact of ethnicity on consumption behaviors.

Ethnicity describes a common objective characteristic of a group, present in a larger society, that distinguishes the group from other groups based on a common national origin, language, or religious background of group members. Ethnicity regularly provides a sense of affiliation among members who recognize the group's distinct identity within a society. Members are bound to the group based not on biology or physiology but instead on tradition and history. This dissertation studies two ethnic groups prominent in Thai society.

### **1.1 Origins of the Dissertation**

The fundamental impetus for this study is the author's interest in culture and consumer behavior resulting from his exposure to different cultures and subcultures as a foreign student. The author spent three and a half years in Singapore completing his high school education and six years in the United States, completing his bachelors and masters degrees. During this time abroad, the author developed a keen interest in consumer behavior, observing casually and formally many different patterns of consumption behavior that were quite distinct from patterns of consumption behavior found in his native country, Thailand.

The importance of culture in marketing and consumer behavior is widely recognized by marketing academics and marketing practitioners. Buzzell (1968) was probably the first to identify the impacts of culture on multinational marketing strategies, describing the influence of values, customs, and legal frameworks on marketing management decisions. As more recent examples, Dubois (1990) focused on cultural norms and political and legal environments while Usunier (1993) focused on buyer-seller interactions in the realms of pricing and price-quality relationships exhibited across cultures. The result of these and other research efforts have found their way into many textbooks of international marketing, usually in the form of a single chapter featuring

“culture” in its title (Czinkota and Ronkaninen 1990; Jain 1990; Terpstra and Sarathy 1991; Toyne and Walters 1993). However, empirical research on culture and its impacts on marketing related topics is actually quite limited. Out of some 900 studies in international marketing published between 1980 and 1990, only 21 dealt formally with cultural environments and only eight were empirically based.

This dissertation focuses on three cultural elements—core cultural values, ritual practices, and ethnicity—and their relationships with each other and with consumption attitudes and consumption intentions. Results of this dissertation with respect to the five research objectives described earlier should provide insight to marketing academics and marketing practitioners into the role that culture plays in an international marketing context.

## **1.2 Research Context**

This research was carried out in Bangkok, the capital city of Thailand. Bangkok was chosen as the research setting because it is the most densely populated province in Thailand, making it ideally suitable to conduct consumer related research.

Bangkok was established in 1782 by King Rama I who moved the capital from its former location in nearby Thonburi. Bangkok covers about 1,600 square kilometers, making it one of the smallest provinces in the country in terms of area. However, Bangkok contains about 10 million registered inhabitants, making it by far the most populous province. In fact, Bangkok may contain as many as 14 million people, including residents from other provinces, unregistered individuals, and expatriates who have settled and now work in Bangkok. Bangkok is the economic center of Thailand and is one of the busiest economic hubs in Southeast Asia. In 2005, its gross domestic output was recorded almost half of Thailand’s GDP (Office of National Economic and Social Development Board 2006).

Bangkok is known for its ethnic diversity and just about any ethnic representation from around the world can be found in the city. The largest ethnic group in the city as well

as in the nation consists of Ethnic Thai people, followed distantly by Ethnic Thai of Chinese descent (known hereafter as Chinese Thai individuals). Traditionally, Ethnic Thai and Chinese Thai people represent cultures of two different worlds: one is predominantly influenced by Buddhism (Theravada emphasis), Brahmanism, and Animism, while the other is predominantly influenced by Confucianism, Taoism, and Buddhism (Mahayana emphasis).

Beliefs based on Buddhism, Brahmanism, and Animism are widely acknowledged among Ethnic Thai individuals and are regularly manifested in the Thai way of life. For example, Thai people commonly carry out merit-making activities on birthdays or New Year observations (Buddhism manifestation), join in the annual Brahman ritual ceremony—Royal Plowing—hosted by the Royal Court held in May (Brahman manifestation), and are superstitious when trying to bribe Holy spirits to make important wishes come true (Animism manifestation). Of the three belief systems, Buddhism is the most influential source in shaping the psychology of Thai people (Limanonda 1995; Mole 1973; Redding 1993; Skinner 1962).

Chinese Thai individuals are influenced by another set of beliefs—Buddhism of Mahayana sect, Confucianism, and Taoism, with Confucianism dominant in shaping beliefs and behaviors (Chinese Culture Connection 1987; Hofstede and Bond 1988; Huang and Charter 1996; Lin and Chi 2007). Chinese visitors came to Thailand long before the Sukothai era (1253-1350 A.D.), mostly for trading purposes. However, during the Sukothai era, Chinese people found themselves settling in Thailand in large numbers due to various problems in China. Chinese immigrants brought with them not just ambitions and hopes but also centuries-old heritages, wisdoms, and value and belief systems that served as bases for much human behavior.

### **1.3 Importance of the Research**

This study provides academic and managerial contributions in the areas of core cultural value measurements, alternative cultural value framework analysis, product positioning and repositioning, and market segmentation.

### 1.3.1 Academic Contributions

Studies of cultural values either cross-culturally and intra-culturally have been dominated for many years by Hofstede's (Hofstede 1984; Hofstede and Bond 1988) universal values framework. However, the research community has expressed some concern about the widespread use of this framework (Kirkman et al. 2006; Nigel 2004). The current study offers an alternative value framework specific to the Thai context and makes academic contributions as follows:

1. Development of core cultural value measures relevant to the Thai culture. This is an evident contribution to academic literature as no measures currently exist other than universal cultural value frameworks (Hofstede 1984; Hofstede and Bond 1988; Schwartz 1992).
2. Guided by the literature and a resulting conceptual framework, investigation of core cultural values differences across two Thai ethnic groups to learn how the groups are alike or different. The contribution here will reflect the forces of enculturation, education, and urbanization on persistence of values thought to be distinctly Chinese in origin.
3. Examination of individual and multi-factor measurement models for scales measuring Thai core cultural values. This contribution will aid future scale development work needed to develop a more complete understanding of Thai core cultural values. Resulting scales should be suitable for widespread academic research in business and other social science disciplines.
4. Knowledge of relationships between Thai core cultural values and consumption attitudes. This contribution provides a richer understanding of Thai core cultural values beyond mere measurement by showing size and direction of relationships between core cultural values and attitudes relevant to consumption decisions and behaviors.
5. Knowledge of relationships between ethnicity and ritual practices. This contribution illustrates the pervasive effect of ethnicity on consumption behaviors associated with New Year celebrations in Thailand, as compared to the negligible effect of subjective ethnicity strength.

### **1.3.2 Managerial Contributions**

Besides making academic contributions, this study will prove valuable to decision makers whose businesses operate in Thailand. Decision makers, particularly marketing practitioners, will gain a better understanding of the role that core cultural values—basic underlying psychological factors—play among Thai consumers, the buying units who determine successes or failure of any enterprise. Three main managerial implications are expected for the fields of business-to-consumer (e.g., consumer products) and business-to-business (e.g., industrial products) marketing.

First, decision makers will gain a better understanding of Thai people through learning of Thai core cultural values provided by this study. This will enable decision makers and marketing practitioners to tailor marketing communications and other strategies (e.g., segmentation, product positioning, new product introduction, pricing), that are appropriate for Thai consumers. For example, if marketers know that the risk aversion value is a prevalently held value among members of a target segment, strategies that reduce risk perceptions would be important. Such strategies might include offering detailed product information, a generous warranty, testimonial advertising, money back guarantees, lists of satisfied customers available as references, free product service, and lengthy product trial periods.

Second, this study will provide to decision makers the first formal empirical investigation into long-standing assumptions about cultural differences between the mainstream culture (Ethnic Thai) and largest subculture (Chinese Thai) in Thailand. In addition, this study also will determine the extent to which these core cultural values influence consumption patterns, especially in areas of consumption attitudes and consumption intentions. Thai marketing practitioners and other business professionals have long believed that Ethnic Thai and Chinese Thai individuals are culturally distinct in terms of their core cultural values. This assumption is often portrayed in mass media through depiction of Chinese Thai individuals as more clan oriented, family oriented, filial piety oriented, future oriented, career oriented, diligent, and thrifty. Both local and multinational companies can gain from this study's systematic, objective, and

empirically driven research results into this belief. By learning which core cultural values are shared and not shared among target segments, companies can respond to local consumers' needs with greater precision in a more timely fashion. This means that marketing strategy in terms of market segmentation and product positioning has a greater chance of being successful.

Third, this study also helps decision makers better understand relationships between core cultural values and consumption attitudes among Thai people. To date, there has never been a systematic and objective study aiming at establishing links between core cultural values and consumption attitudes whose results are available for commercial use. To illustrate the use, suppose that a target segment possesses a high level of the *sanuk* value and that this value is highly associated with the variety seeking, materialism, and fashion conscious attitudes (see Table 5.24). Companies can design commercials and products consistent with this relationship, stressing fun and enjoyment, refreshing change, acquisition of prestige, and superior style that would accompany product consumption. By understanding these relationships, decision makers will be better informed of which values they should emphasize or de-emphasize in interacting with Thai consumers, vendors, and suppliers.

#### **1.4 Dissertation Structure**

The dissertation is organized into six chapters. Chapter 1 introduces the dissertation in terms of research objectives, constructs of interest, research context, and expected contributions. Chapter 2 reviews literature from social science disciplines relevant to 23 constructs studied in this dissertation. Chapter 2 also discusses construct conceptualizations, contributing core cultural value development sources, characteristics of each core cultural value concept, consumption attitudes, consumption intentions, ritual practices, and ethnicity.

Based on the literature review, a conceptual framework, research propositions, and research hypotheses are developed and described in Chapter 3. Descriptions for

propositions and hypotheses include brief summaries of theoretical positions stated in Chapter 2.

Chapter 4 describes methodology and procedures undertaken by the current study. The Chapter explains the adopted methodology in terms of research design, sampling plan (population of interest, sampling frames, unit of analysis, sample size and method), questionnaire and scale development, data collection methods (mail survey and drop-off), and adopted data analysis techniques.

Chapter 5 describes data analysis activities carried out to test hypotheses posited in Chapter 3. The Chapter starts with discussion of data editing activities including missing data replacement and assessment of normality. The Chapter proceeds with discussions of initial assessments of construct validity and reliability via exploratory factor analysis. Following discussions describe measurement results from a more rigorous technique, confirmatory factor analysis. Concluding Chapter 5 is a section discussing nomological validity of the core cultural value measures developed in this study.

Chapter 6 concludes the dissertation by discussing data analysis results. Discussions focus particularly on research findings and key contributions and implications pertaining to academic and managerial contexts. Among main discussions are psychometric scale measurement properties (construct validities and reliabilities) of Thai core cultural values scales and empirical results of hypothesis testing. A section early in Chapter 6 addresses study limitations that are important to keep in mind when considering study results and implications. A last section in Chapter 6 suggests future research directions.