Perceived cultural proximity and its marketing implications

Abstract

The new globalized markets and their interconnectedness entail new challenges for academics and industry practitioners. Of special interest are the cultural nuances that may determine whether enterprises rise or flourish in global, national or regional markets. The current study is mainly concerned with perceived cultural proximity, the extent to which people perceive their culture as similar or different to another one, and levels of interaction, the different factors and dimensions that comprise an individual’s overall experience with another country – and the marketing implications of these processes.

The relationship the United States currently maintains with one of its commonwealths, Puerto Rico, presents a unique and interesting opportunity to explore the dynamics of perceived similarities and experiences. To that end, this study employed an online survey to measure and contrast levels of interaction as well as perceived cultural proximity of Puerto Rican and American culture from the Puerto Rican vantage point.

Key Words: Perceived cultural proximity, homophily, communications

Introduction

With the onset of globalization as well as the internationalization of businesses, recognizing the role of culture in these transactions becomes paramount in order to gauge and better understand emerging target markets. The dynamics between some countries may be easier to approach due to the homogeneity of the cultures involved as well as the distinct political relations between them. However, Puerto Rico presents an interesting example of a nation that is politically, economically and socially intertwined with the United States, despite the fact that Puerto Ricans have not fully assimilated the American mainstream culture (Duany, 2003).

The purpose of this study is to provide invaluable information regarding perceived cultural similarities and factors that evidence levels of interaction between an individual and a different country, specifically from the Puerto Rican vantage point concerning the United States.

Cultural Proximity

As stated by Maznevski, Distefano, Gomez, Noordenhaven and Wu (2002), culture “is a group-level phenomenon, but it influences individuals’ perceptions, values and behavior, especially with respect to social interaction” (p.275).

Cultural proximity is defined, conceptualized and applied significantly different in various areas of research. There are two cultural proximity perspectives, the first perspective defines the term as the extent to which people perceive similarities or differences between two cultures (Babiker, Cox & McMiller, 1980; Wang, 2009). The second approach stems from Pool (1977) and Straubhaar’s (1991, 2003) work, which presents cultural proximity as the notion that people naturally prefer and will actively choose media that is culturally similar.

Several studies have examined the role of perceived cultural similarities in sojourner adjustments to foreign land (Babiker et al., 1980; Cox, 1988; Ward & Kennedy, 1993; Ward, 1997; Yang, Noels & Saumure, 2006; Wang, 2009). For example, in an effort to understand the relationship between perceived cultural distance and its relationship to medical consultations, symptomatology and examination of overseas students, Babiker and colleagues (1980) developed an index that measured the perceived similarities between two cultures based on the following characteristics: “climate, food, language, clothes, religion, educational level, material comfort, family structure and family life, courtship and marriage, leisure activities, and intergroup conflict” (p.109).
One of the most popular applications of cultural proximity or distance is attributed to Geert Hofstede’s (1980) cultural index (Kirkman, Lowe & Gibson, 2006). This index involves five dimensions: individualism, power distance, uncertainty avoidance, masculinity, and Confucian dynamism (Hofstede, 1980; Hofstede & Bond, 1988). These dimensions range from the closeness of social frameworks, acknowledgement of the inequality of power distributions amongst social institutions, adoption of preemptive measures to avoid deviant situations, and dominant as well as secular values in society (Kirkman et al., 2006). According to Fu and Govindaraju (2010), while this index has been employed in media flow, international trade, and marketing studies, it has also been used to explore the underlying dimensions of audience predilection of imported entertainment media, namely, cross-country audience preference for American films. The results of the Fu and Govindaraju (2010) study contend that countries that are more culturally similar to the United States will also resemble Hollywood film predilection.

Perceived cultural proximity is based on characteristics like shared language, food, clothes, religion and lifestyle (Babiker et al., 1980; Wang, 2009). Other perspectives approach cultural proximity by examining the closeness of social frameworks, power distributions, and societal values (Hofstede, 1980; Hofstede & Bond, 1988; Kirkman et al., 2006). Previous studies have linked cultural proximity based on these dimensions with predilection for foreign entertainment media (Fu & Govindaraju, 2010).

**Source-receiver similarity and homophily**

Cultural proximity and similarity are two research areas that overlap at some points. The study of perceived similarity and its ensuing effects has been an important area of research in psychology, communications and marketing. There are several approaches that explore the role of perceived similarity during interactions between people. Of special interest for this study are homophily, involvement and identification. As stated by Cheng, Hung, and Chien (2011), while culture and communications are different concepts, they are intrinsically linked.

Homophily is generally understood as the extent to which an individual perceives another one as similar (Wheless, 1974; Chaffee, 1982; McCroskey, McCroskey & Richmond, 2006). These similarities fall into one of two categories: status and value homophily (Lazarsfeld & Merton, 1954; Kandel, 1966; Marx & Spray, 1972). According to the literature, status homophily pertains to the ascribed positions of individuals within groups, whereas value homophily involves perceived value, belief, and attitude affinity. Similarities in race, ethnicity, age, religion, education, occupation and gender function as organizing principles within networks, meaning that people are more likely to interact and connect to those they perceive as similar to themselves based on these dimensions (Smith-Lovin & Cook, 2001). (ESPINA 23)

Attitude and value similarity impact the extent to which people accept or reject messages, however further studies have examined the role of involvement in other areas. For example, Wheless (1974) conducted an experiment to assess the effects of involvement, credibility and homophily on selective exposure to information. The results from this study illustrate that perceived source competence, homophily, and attitudinal involvement is the best predictors of selective exposure to information.

**Puerto Rico and the United States**

The setting used to analyze the effect of perceived cultural proximity is Puerto Rico. In light of the ubiquitous nature of American culture in Puerto Rico, as well as the current political relationship between the countries, it is plausible to suggest a relationship between levels of interaction with the U.S. and cultural proximity. The relationship between Puerto Rico and U.S. dates back to 1898, when the island was ceded to the U.S. as a result of the Spanish-Cuban-American War (Trias Monge, 1997). In 1917, the U.S. Congress granted citizenship the people of Puerto Rico. As stated by Duany (2003), Puerto Ricans demonstrate a strong cultural identity when compared to other Caribbean people.
This particular relationship is interesting due to the fact that while Puerto Rico is a commonwealth of the U.S., Puerto Ricans have not fully assimilated the American culture. More than 100 years have passed, and the Island remains a Spanish Afro-Hispanic-Caribbean nation (Duany 2003). Puerto Rico’s economy relies mainly on federal aid from the U.S. government, which at the same time is the main trading partner, with 90% of all imports to the Island (http://www.topuertorico.org 2012).

Marketing Implications

Changes are inevitable and cultures demonstrate variations in behavior patterns, individual motivations, values, beliefs and many other social settings (Maznevski, Distefano, Gomez, Noordenhaven and Wu, 2002). Scholars and industry people need to clearly understand the communication processes as well as the idiosyncrasies of the specific target group. For example, the media consumption habits of the Hispanic groups living in the U.S. are different among them (Clayman, Manganello, Viswanatha, Hesse, Arora, 2010). Ethnicity, race, socioeconomic status and acculturation play a determinant role in the selection of media used to obtain information in the health industry setting (Clayman et al., 2010).

In order to succeed in today’s challenging business world, it is necessary to combine communications and marketing. As stated by Tian and Borges (2011), a “firm’s profitability is an art determined by its marketing communication strategies and skills” (p.110). When communicating, especially concerning international businesses, people sometimes do not pay enough attention to the cultural differences that result in communication barriers. According to Tian and Borges (2011), cultural factors can become invisible barriers.

Communications and credibility are two elements that need to be present in any successful marketing strategy, specifically concerning the advertising field. According to Morimoto and La Ferle (2004), “in the context of advertising evaluations, source credibility can serve as a predictor of consumer attitudes toward advertising” (p. 49). For example, the Morimoto and La Ferle (2004) study examines the influence of culture on source credibility and the process by which the influence might take place. In order to have a more effective advertising campaign you need to make sure the message incorporates all the cultural cues necessary to reach all the different audiences (Morimioti & La Ferle, 2004).

As cited by Tian and Borges (2011), not recognizing or taking into consideration the cross cultural context when developing marketing strategies, can be detrimental to the relationship between brands and businesses (Emaery & Tian 2003, 2002). Cultural proximity or cultural congruency plays a determinant role in the effectiveness of advertising, to the extent that the advertisement reaches its target in a more receptive way and generates a more favorable attitude towards the product or service being advertised (Morimioti & La Ferle, 2004). Credibility is an important component in many areas of marketing, especially in the case of advertising.

In the case of Puerto Rico and the U.S., most of the business corporations in the Island are of American origin, while the human resources are from Puerto Rico, two countries with two distinct cultures. Puerto Rico represents a special case or phenomenon from a marketing point of view. For example, a well-recognized toy store opened their cloth division in the Island and it failed, in contrast to the toy store. The style of the cloth available in the store was not similar to the clothes used by Puerto Ricans. This demonstrates the perilous effects of not knowing or not acknowledging the cultural differences in the customer needs.

If we want to persuade or change customer’s behavior we need to acknowledge the effect that cultural proximity has on the target market, specifically when dealing with the Puerto Rican market. Understanding the cultural interactions and the level of cultural proximity that Puerto Ricans have with the U.S. will provide interesting data for future communications and marketing strategies.
This study aims to understand how the perceived cultural interaction with the U.S. from the Puerto Rican vantage point are related to the perceived cultural similarities, as well as the marketing implications of these interactions.

First, we analyze the level of interaction between Puerto Ricans and the U.S., and how this interaction is related to perceived cultural proximity. Therefore, the hypotheses are as follow:

H1. There is a high level of perceived cultural proximity between Puerto Ricans and the U.S. culture.
H2. There is a high level of perceived interaction between Puerto Ricans and the U.S. culture.
H3. Age is a determinant factor for the perceived cultural proximity between Puerto Ricans and the U.S. culture.
H4. The higher the perceived interaction between the Puerto Ricans and the U.S. culture, the higher the cultural proximity.

Methodology used for research.

To test the above-mentioned hypotheses, a cross-sectional study, meaning that the data was “collected at one point in time” (Creswell, 2009, p.146) was conducted using an online survey software to collect the data. The survey instrument designed for this study includes likert-type scales questions as well demographic questions. A snowball sampling procedure was used to recruit eligible participants (“Snowball Sampling,” 2008).

The dependent variable is perceived cultural proximity. The independent variables in this study include an interaction index, I consider myself American, Age, Gender, I speak English fluently, Many of my friends and family members currently reside in the U.S., In the last 5 years I have visited the U.S. many times, I keep track of major events in the U.S.

Data analysis procedures

Upon data collection, a series of statistical tests were used to gauge the level of perceived cultural proximity of Puerto Rican and U.S. culture given their perceived level of interaction. The first step involves running descriptive statistics with IBM SPSS Statistics software to calculate means and standard deviations. Following this procedure, some of the variable items will be collapsed to create an index of each (interaction index and perceived cultural index). In order to assess the reliability coefficients of the scales employed in the study, Cranach’s alpha will be calculated. In social science research, the internal reliability coefficient must be .70 or above to make sure each item is measuring the same concept (Shoemaker et al., 2004; Vogt & Johnson, 2011).

Once the interaction indexes are created and their reliability assessed, the following procedure involves running a Z score test to ascertain whether the difference between means is significantly different (Norusis, 2012). An analysis of variance (ANOVA) was also run to test the statistical significance of the differences among all the independent and dependent variables of the study (Vogt & Johnson, 2011). Finally, a regression analysis was run to represent the relationship between interaction and perceived cultural proximity (Vogt & Johnson, 2011).

The Cronbach’s Alpha for interaction was .762, and .740 for cultural proximity. Based on this reliability test both scales have an acceptable level of reliability.

The Mean for the interaction variable was 3.26 and 1.97 ( N=368) for the cultural proximity variable. Based on these results we can conclude that the sample demonstrated a higher level of interaction with the US. The Z scores were computed for raw scores in the interaction and cultural proximity index data set. (Appendix Table 1). Table 2 shows the R and R Square for the model, and Table 3 presents the Anova results.
At least one of the variables is related to Cultural Proximity. When analyzing the Coefficient we can see that, “considering yourself American”, and the fact that they state that they “Speak English” definitively contributes to the cultural index, but we still need more research regarding other elements needed to predict cultural proximity. “I consider my self American” and “I speak the English language” are positively related to cultural proximity.

**Implications and conclusions.**

Understanding the linkage and interaction between countries, specifically between the U.S. and Puerto Rico will provide useful information for decision makers, marketing strategist as well as for higher education institutions that analyze and diffuse knowledge. Understanding the role of culture is essential for working towards the strengthening of open market economies. The more we know about the idiosyncrasies of a culture, the better we can develop marketing strategies aimed to satisfy them in socially responsible way.

With the resulting information of this study, companies that do business in Puerto Rico will be in a better position to understand and satisfy Puerto Rican needs. Understanding clearly what specific elements contributes more to the cultural identity of a nation, will contribute to the existing knowledge and facilitate marketing managers in their efforts of creating better strategies.

Changes are inevitable and cultures demonstrate variations in behavior patterns, individual motivation, values, beliefs and many other social settings (Maznevski, Distefano, Gomez, Noordenhaven and Wu, 2002). Since change affects customer behavior, we need to keep track of such changes.

**Apendice**

**Table 1 Descriptive Statistics**

<table>
<thead>
<tr>
<th>Valid N (listwise)</th>
<th>365</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>Zscore: interaction index</td>
<td>368</td>
<td>-2.27418</td>
<td>1.74068</td>
<td>.0000000</td>
<td>.05212860</td>
<td>1.00000000</td>
</tr>
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<td>Zscore(cultural.proximity.index)</td>
<td>368</td>
<td>-1.28227</td>
<td>2.94268</td>
<td>.0000000</td>
<td>.05212860</td>
<td>1.00000000</td>
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</table>

**Table 2 Model Summary**

<table>
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<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>.407*</td>
<td>.166</td>
<td>.149</td>
<td>.00094</td>
<td>.166</td>
<td>10.034</td>
<td>7</td>
<td>354</td>
<td>.000</td>
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</tbody>
</table>

Predictors: (Constant), I consider myself American, Age, Gender, I speak English fluently, Many of my friends and family members currently reside in the U.S., In the last 5 years I have visited the U.S. many times, I keep track of major events in the U.S.

**Table 3 ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>34.510</td>
<td>7</td>
<td>4.930</td>
<td>10.034</td>
<td>.000*</td>
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<tr>
<td>Residual</td>
<td>173.926</td>
<td>354</td>
<td>.491</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>208.436</td>
<td>361</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), I consider myself American, Age, Gender, I speak English fluently, Many of my friends and family members currently reside in the U.S., In the last 5 years I have visited the U.S. many times, I keep track of major events in the U.S.

b. Dependent Variable: Cultural.proximity.index
References


