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UNIVERSITEIT TWENTE.

MASTER  
THESIS

*'A CROSS COUNTRY STUDY IN CONSUMER BUYING  
BEHAVIOR: STANDARDIZED VS. ADAPTED SALES  
PROMOTION STRATEGY'*

*University of Twente*

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# Abstract

This study compares consumer buying behavior in the Netherlands and Belgium with the focus on sales promotions. Buying behavior is divided here in impulsive buying, loyalty, stockpiling, promotion proneness, media usage for sales promotions, important aspects of sales promotion advertisement and expectations of promotion frequency. In addition, preference for promotion types and interest in non-price promotions are as well aspects of buying behavior, but these are more directly related to recommending a sales promotions strategy. Based on the possible differences the choice for either a standardized or an adapted sales promotion strategy is given. In addition, the relationship between national culture dimensions and some buying behavior aspects are studied. The sample consists of 75 consumers in the Netherlands and 75 consumers in Belgium (Flanders). More specifically, these include consumers of the retailer Retailer X. A large part of the sample in both countries consists of women. Furthermore, the most important research method used was the survey and the questionnaire as its data collection method. The results of the analyses in this study show that there are some, but no large differences in the comparison of the Netherlands and Belgium regarding buying behavior. Nevertheless, the differences that are found have resulted in recommending an *adapted* sales promotions strategy. In addition, the results show that the distribution of the cultural dimensions was not reflected in the sample as may be expected. Moreover, the relationship between national culture and buying behavior aspects of *promotion proneness, interest in non-price promotions and loyalty* is not proven. Nevertheless, the relationship of one part of loyalty (brand loyalty) and culture is significant.

# Preface

This master thesis is the final aspect of my master Business Administration International Management at the University of Twente. After finishing the courses I decided to follow a challenging sales internship of six months at Company X. This internship gave me some interesting ideas for my thesis. So after six months I started with the study that focused on one of these ideas. While supporting the customer Retailer X during the internship I saw the difficulties that were faced. In line with the track International Management, the thesis should include an international aspect. As Retailer X operates in two countries (the Netherlands and Belgium) and the Dutch Company X supplies both countries, the international aspect was found. Along with my experience with sales promotions and my interest in consumer behavior the subject of my thesis was determined. As more organizations operate across national boundaries, it is of interest to find out whether to change the operations for each country or to keep the operations the same in foreign countries. This choice is viewed from a consumer perspective. In addition, this thesis studied whether cultural differences have an influence on consumer buying behavior.

At first I planned to write the thesis during my internship. However this was not possible to combine properly. Therefore I decided to start with the thesis after finishing the internship. One of the challenges I faced was framing the research topic. Another difficult aspect for me was to select the appropriate theories for the literature review after reading a lot of articles. I most enjoyed questioning the consumers for the survey.

First of all, I would like to thank my first supervisor Martin Stienstra for all the support and patience during my journey in finishing the master thesis. Especially for reading my report, giving remarks and for his quick responses. A second word of thanks goes out to my second supervisor Sabrina Hegner. Especially for her expertise and supervising me on such a short notice. Third I would like to thank all the Company X colleagues who supported me. Fourth, I would like to thank my parents, brother and cousin for the motivational support.



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# Chapter 1. Introduction

## 1.1 Company background

## 1.2 Problem statement

*Comparison Netherlands versus Belgium (position Retailer X)*

*Focus on consumers' buying behavior and sales promotions*

As mentioned before, Company X supplies Retailer X in the Netherlands and in Belgium. When looking at the end buyers and end users of the products, consumers come to mind. It would be of interest to find out to what extent those consumers differ between the two countries. For a retailer, a consumer's *buying behavior* is very relevant as in the end the consumers should buy the products. Furthermore, *sales promotions* are important to Retailer X as well because the retailer is known for them. Company X as a manufacturer is therefore often involved with those promotions. Hence, it is interesting to focus on that aspect as well in this thesis. According to Company X, *the Netherlands* is facing a high frequency in promotions combined with steep promotional discount. It is common in the country to offer quite extreme sales promotions like 1+1 free. Thus, consumers in this country might be used to these kinds of promotions and it results in having a lot of products in stock (stockpiling). On the other hand, promoting in *Belgium* is less extreme. Discounts like for example 25% are more generally used. The frequency of promotions is as well lower than in the Netherlands. This means more non-promotional sales in Belgium than in the Netherlands (also: higher profit margins than in the Netherlands). It would be of interest to look at what kind of *sales promotions* would be most appropriate for the Dutch and the Belgian market. A consumer buying behavior analysis between the two countries would be helpful to gain such insights.

*Strategy choice: standardization versus adaptation*

The aforementioned aspects show that Retailer X is an important customer for Company X. The customer operates in the Netherlands and Belgium and has a different position in both countries. Besides, the promotional landscape in general might differ in both countries. The Dutch and Belgian consumers might be different in their buying behavior and their perceptions towards sales promotions. All in all, the biggest challenge for Company X is serving one customer in two different countries. Therefore, it is important to study to what extent these two countries differ in the previous mentioned aspects. This will result in implications for Company X's sales promotions strategy regarding Retailer X. This strategy should be optimized in order to realize profitable growth again. Roughly, these strategies are either a *standardized* or a specific and *adapted* strategy for each market. **Figure 3** below illustrates the two options. In short: the study examines if it is necessary for Company X to implement a differentiating approach for Retailer X in the *Netherlands* and for Retailer X in *Belgium*.

*Figure 3. Company X's options of implementing one Retailer X sales promotions approach for both countries versus an approach for each country*

## 1.3 Objectives and research questions

### Objectives:

1. To gain insight into the buying behavior of Retailer X consumers in the Netherlands and Belgium, emphasizing sales promotions.
2. To recommend Company X an appropriate sales promotion strategy regarding the customer Retailer X.

### Central research question:

**Which strategy should Company X implement for the Retailer X sales promotions in both the Netherlands and Belgium in order to maximize growth?**

### Sub questions:

1. *To what extent do Retailer X consumers in the Netherlands and Belgium differ in buying behavior, with the focus on sales promotions?*

#### **Purpose:**

For the first sub question it is important to compare the Netherlands with Belgium regarding the consumers' buying behavior. The purpose of this question is to find out to what extent the consumers' behavior is different from each other. The focus is on the sales promotions at Retailer X. In order to give Company X recommendations for the standardization-adaptation of the Retailer X promotions approach, it is necessary to indicate on what aspects the countries may differ and on what they are (almost) the same.

2. *Which elements of the Retailer X sales promotions strategy should Company X implement the same in both countries and which need a different approach per country?*

#### **Purpose:**

This sub question will indicate which elements of the studied Retailer X sales promotions strategy Company X should keep the same (standardization) in both countries and which elements need a different approach (adaptation) per country. The current Retailer X promotions strategy will be used as a starting point to look at what needs to be changed. This will result in recommendations regarding in what way possible changes should be made. It is important to choose adaptation or standardization in order to realize optimal results.

## 1.4 Existing research

The literature review in chapter two will elaborately represent the existing literature regarding the important aspects of this study. Next a short preview of the most important theories will be given.

First of all, the need for a standardized or an adapted strategy is discussed by for example Özsoy & Simonin (2004), Leonidou et al. (2002) and Theodosiou & Leonidou (2003). The second theory domain involves sales promotion strategies; studied by Ailawadi et al. (2009), Gedenk et al. (2006) and Bolton & Shankar (2003). Furthermore, consumer buying behavior is a topic discussed by Kotler & Armstrong (2009) and Baumgartner & Steenkamp (1996). Moreover, cross-cultural consumer behavior is broadly addressed in the literature by Hofstede (2001), de Mooij (2004), de Mooij & Hofstede (2002) and Luna & Gupta (2001). More specifically, cultural differences in consumer *buying* behavior are discussed by Lowe & Corindale (1998), Kwok & Uncles (2005) and de Mooij (2004). In the past there has been a large amount of research conducted regarding the mentioned topics. The existing research gives motives for further research. Chapter two will discuss this in detail.

## 1.5 Research approach and structure

The overall approach for finding the answer to the problem is carrying out a deductive approach. The deductive approach works from the more general to the more specific. In other words: beginning with theory to test in reality. Translated for this thesis it means carrying out a literature study with suitable models and approaches. Next the theory will be the theory in the fieldwork using various research methods. Data will be collected and analyzed in order to draw conclusions. In the end, recommendations will be derived to address the problem. **Chapter 1** forms the introduction of this research and describes the background of Company X as well as the problem statement, objectives and the research questions of this study. The thesis continues with **chapter 2** in which the literature review is being addressed, which is the base of this research. This, also called, theoretical framework consists of several theories each focused on a domain. The theory domains are: (1) standardization versus adaptation, (2) sales promotions strategy, (3) consumer buying behavior and (4) cross-cultural consumer behavior. The hypotheses will as well be covered at the end of this chapter, focusing on consumer buying behavior. The **third chapter** covers the research methodology involving for example methods with which the data are collected. In brief, it describes how and with whom the research is conducted. The overall used research method is a survey. **Chapter 4** gives an analysis of the data and results which are collected with the several research methods. One of the most important collected data involves the comparison of the buying behavior between the Netherlands and Belgium. Subsequently, the results regarding the hypotheses are as well analyzed. **Chapter 5** draws the conclusions and formulates the resulting recommendations for the Company X management.

Finally, **chapter 6** ends the thesis by representing the limitations of the study and giving some directions for future research. The figure below clearly shows the structure of the chapters.

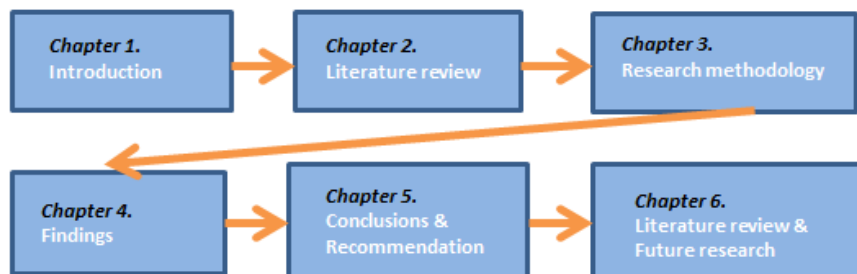


Figure 4. Research structure divided in chapters



# Chapter 2. Literature Review

## 2.1 Introduction

This chapter will discuss the literature which is critically reviewed. It provides the foundation on which this research is built. Its main purpose is to help developing a good understanding and insight into relevant previous research and the trends that have emerged. The review gives the necessary background knowledge to the research questions and objectives. It also establishes the boundaries of this study. The review is divided into a few theory domains which are discussed next: (1) strategic choice: standardization versus adaptation, (2) sales promotion strategy (3) consumer buying behavior (4) cross-cultural consumer behavior differences. The hypotheses will as well be covered at the end of this chapter, focusing on cross-cultural consumer *buying* behavior.

## 2.2 Strategic choice: standardization versus adaptation

### *Introduction*

Recent decades have faced with globalization of the international business, due to for example increasing liberalization of trade policies and the creation of regional economic integrations. Such factors have led to the rise of high competition, with the participation of a wide array of firms of different sizes, industries and national origins (Theodosiou & Leonidou, 2003). Furthermore, Alimiene & Kuvikaite (2008) believe that during the two previous decades changes in the marketing environment changed theory and practice of international marketing. The development of communication technologies and global markets influenced global economy, markets and consumers. This is reflected in informed and active buyers who know their needs and seek to satisfy them. These influenced the change of marketing solutions.

One of the most important decisions regarding the expansion of a company into foreign markets concerns the marketing mix (e.g. Alimiene & Kuvikaite, 2008). Ryans et al. (2003) believe that as companies begin to expand globally, new market strategies need to be developed or the existing approaches need to be examined, to obtain overseas feasibility. As business internationalization develops for companies, they meet with a critical choice of marketing solutions strategies (Alimiene & Kuvikaite, 2008). The design of such international marketing strategies has been the focus of a sizeable stream of research. There exist three major perspectives of such a strategy; *concentration-dispersion*, *integration-independence* and the *adaptation-standardization* perspective (Zou & Cavusgil, 2002). This study is focused on the third perspective as it is the most influential view, reflected by the large volume of publications on the standardization/ adaptation topic in the literature (e.g. Katsikeas et al., 2006). The *adaptation-standardization* perspective is related to the degree of adaptation or standardization of the marketing mix elements Zou & Cavusgil, 2002).

Given the great importance, for over 50 years academicians and practitioners have debated the standardization versus adaptation of international marketing strategy. Despite the importance of, interest in, and the volume of research this topic has generated, the debate remains unresolved. It is argued that the research has advanced without a strong underlying theoretical framework. Researchers still do not agree on the definitions of standardization/ adaptation and analyze these strategies from different aspects of these strategies (e.g. Theodosiou & Leonidou, 2003; Ryans et al., 2003 and Alimiene & Kuvikaite, 2008).

### *International marketing strategy: standardization versus adaptation definitions*

The two central constructs of international marketing strategy are standardization and adaptation. Despite the lack of consensus on the definitions of standardization and adaptation in the literature, the most appropriate definitions and components of both constructs should be given here.

Several authors defined *standardization* (e.g. Cavusgil and Zou, 1994); Johansson, 2000 and Özsomer & Simonin, 2004). This thesis will use the definition of standardization offered by Özsomer & Simonin because it is recent, but still supported by many researchers. Their definition is also clear by relating it to the marketing mix elements. Standardization is defined as *'the use of the same marketing program in different countries or regions, regarding the product offered, the promotion employed, the price established and the distribution process chosen'* (Özsomer & Simonin, 2004).

Likewise, there is no consensus on the definition of the *adaptation* strategy (e.g. Cavusgil & Zou, 1994 and Ang & Massingham, 2007). Cavusgil & Zou (1994) are widely supported by other authors; however the definition might be outdated. For this thesis, the second definition by Ang & Massingham (2007) will be used because it is more recent, but still supported by many researchers. Furthermore, it includes the marketing mix just like the definition of the standardization strategy. Adaptation is defined as *'the use of specific strategies in each market, where the organization adapts its marketing mix to each environment'* (Ang & Massingham, 2007).

### *Marketing mix elements*

We can conclude that the definitions of both marketing strategies consist of the marketing mix components. Thus, when an organization decides to begin marketing products abroad, a crucial strategic decision is whether to use a single marketing strategy in all countries (standardized marketing mix) or whether to use several strategies to fit the unique dimensions of each local market (adapted marketing mix). Recent marketing-mix elements used in the adaptation and standardization literature are provided by Ang & Massingham (2007), Lages & Montgomery (2004) and Leonidou et al. (2002). The latter is the most widely accepted and will therefore be used in this thesis, which will be discussed next (Leonidou et al., 2002):

- *Product* elements: brand, design, style, package, label, quality, customer service, warranty and product-related advantages.
- *Pricing* elements: pricing method, pricing strategy, sales terms, margins, credit policy and currency strategy.
- *Promotion* elements: advertising, sales promotion, personal selling, public relations emphasis, trade fairs and personal visits.
- *Distribution* elements: transportation, network, distribution system, sales representative/office in the external market, direct buying, overseas distributors/agents and merchants, dealer support and delivery time.

Nowadays standardization and adaptation studies comprise of all elements of the marketing mix (Özsomer & Simonin, 2004; Vrontis & Kitchen, 2005), however promotion and product have received more attention. This thesis will focus on the promotion element. Within the promotion element, *sales promotions* will be the aspect studied as it is related to the problem statement. These delineations and their choices will be elaborated more later on.

### *Support for standardization and adaptation*

In line with the definitions of Özsomer & Simonin (2004) and Ang & Massingham (2007), the arguments for and against standardization and adaptation of international marketing strategy revolve around two key components. These are *cost savings*, via economies of scale through standardization, and *enhanced value delivery* through adaptation. Both are driven by the question of homogeneity of markets, or lack of homogeneity. In the end, the organization should decide whether to pursue a standardized marketing strategy in the domestic and external countries, or adapt it to the specific requirements in the foreign market(s).

Supporters of standardization believe that consumers' needs, wants and requirements do not vary across various markets and countries. They believe that the world is becoming increasingly more similar in both environmental and customer requirements and no matter where they are consumers have the same demands. Such proponents argue that standardization of the marketing mix elements promise lower costs as well as consistency with customers (Vrontis en Thrassou, 2007). In addition, Theodosiou & Leonidou (2003) state that advocates of the standardization approach view the globalization in the world as the driving force behind greater market similarity, more technological uniformity, and higher convergence of consumer needs, tastes, and preferences. In addition, Holt et al. (2004) warned most global brands that multinationals should not get rid of their national heritage (so standardization) when it has become an asset. They state that global brands can be used to establish synergies between countries and exploit global market segments. Global brands are seen as powerful institutions and assign certain characteristics, such as product quality, reliability and innovativeness, by consumers (Holt et al., 2004).

On the other hand, supporters of the adaptation approach believe that adjusting the marketing mix and marketing strategy are essential to suit local tastes, meet special market needs and consumer requirements. In order to fit new market demands multinational companies should have to find out how they must adjust the marketing strategy (Vrontis en Thrassou, 2007). Likewise, advocates of the adaptation approach argue that, despite increasing globalization, variations between countries in dimensions such as consumer needs, purchasing power, commercial infrastructure, culture and traditions, and technological development are still too large. This necessitates the adjustment of the firm's marketing strategy to the individual circumstances of each foreign market (Theodosiou & Leonidou, 2003). In particular, proponents of adaptation criticize strategy standardization, representing an oversimplification of reality and contradicting the marketing concept. They also state that the ultimate objective of the firm is not cost reduction through standardization, but long-term profitability through higher sales resulting from a better exploitation of the different consumer needs across countries (Theodosiou & Leonidou, 2003).

In the end, this study will choose either standardization or an adaptation strategy. This will depend on the findings regarding consumer buying behavior in the Netherlands and Belgium.

### *A conceptual model of standardization and adaptation*

Theodosiou & Leonidou (2003) present a conceptual model regarding international marketing standardization versus adaptation (see **fig. 5**). Their clear analysis will be used as an overview to show important aspects regarding international marketing strategy. Furthermore, their review is widely accepted by others. This model emphasizes: (a) *antecedent factors*, that is, contingency variables that affect the decision to standardize or adapt the firm's marketing strategy in a specific foreign market; (b) *strategy variables*, that is, the specific elements of the marketing mix program, where the degree of standardization or adaptation must be determined; and (c) *performance outcomes*, that is, the impact of international marketing strategy standardization/adaptation on the company's performance in overseas markets (Theodosiou & Leonidou, 2003).

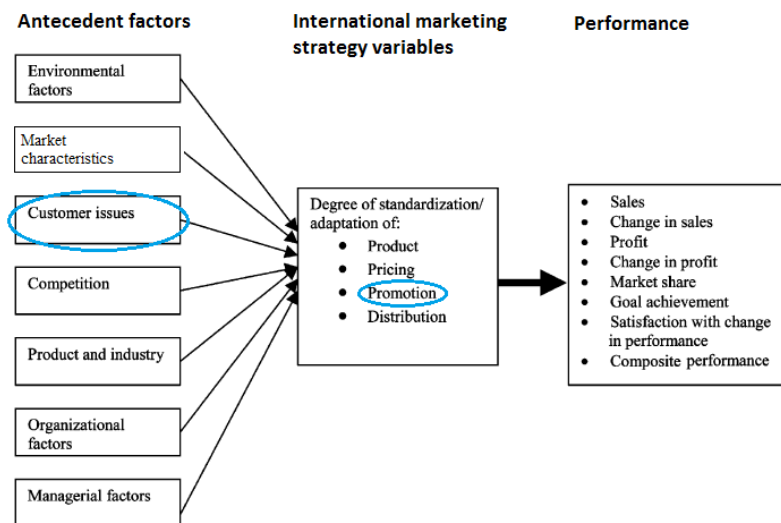


Figure 5. A conceptual model on international marketing strategy standardization/ adaptation (Theodosiou & Leonidou, 2003)

#### Focus on customer issues and promotion

Here, the focus will be on 'customer issues' as an antecedent factor. This choice was made since the thesis will compare two countries on their consumer buying behavior. Section 2.4 and 2.5 will further elaborate on this topic. As consumers are Retailer X customers, this antecedent factor is most in line with one of the research questions. The other aspects such as market characteristics may as well be interesting, but are beyond the scope of this research. Customer issues put the emphasis on the characteristics/behavior, tastes/preferences and usage patterns of customers in overseas markets (Theodosiou & Leonidou, 2003). Despite its importance, 'customer issues' is not broadly studied. Nevertheless, empirical results strongly indicate that customer issues have a quite significant effect on marketing strategy standardization/ adaptation. Specifically, it has been known that the more the customer profiles are similar across countries, the greater the standardization of the marketing strategy, and vice versa (Theodosiou & Leonidou, 2003). These findings are consistent with conceptual claims in the field (e.g. Katsikeas et. al., 2006).

Furthermore, the model shows four strategy variables on which consumer buying behavior can have an influence on. The emphasis in this thesis will be on 'promotion'. This variable is most in line with the research question which focuses on sales promotions, which is an aspect of promotion. The other three variables are to a lesser extent related to the research question. Promotions might be the least difficult variable for an organization to adjust consumer buying behavior to, compared to the other three. Therefore, the focus is on the promotion (sales promotions) variable. Section 2.3 will further elaborate on this topic. Promotion is probably the most widely investigated element of the marketing strategy. Researched elements of promotion are advertising, sales promotions, publicity/public relations and personal selling. In Theodosiou & Leonidou's (2003) analysis, promotion in general showed slightly above-average levels of adaptation in foreign markets. Specifically, sales promotions were subject to moderate adaptations, often attributable to variations in legal restrictions, cultural characteristics, competitive practices, and retailers' capabilities in foreign markets (Theodosiou & Leonidou, 2003).

Finally, it would be beyond the scope of this study to also include the 'performance' aspect of the mentioned model in figure 5. Therefore the focus will be only on customer issues and its impact on the degree of standardization/ adaptation of sales promotions.

## 2.3 Sales promotion strategy

### *Introduction*

This theory section involves the most important aspect of the customer (retailer) approach. As stated earlier, sales promotions have the focus in this study. Sales promotions are an important marketing activity for fast moving consumer goods, which represent the majority of manufacturers' marketing budgets (amounting to 16 percent of their revenues) (Canondale Associates, 2001). Gedenk et al. (2006) also state that sales promotions play an important role in the marketing programs of retailers. A large percentage of retailer sales is made in promotion. Likewise, Sique (2008) believes that manufacturers and retailers now consider sales promotions to be a critical element of their marketing strategies. As a result, *manufacturers* allocate large proportions of their marketing communication budgets for promotion to regularly boost the sales of their brands. On the other hand, *retailers* also spend heavily on sales promotions, either to match manufacturers' trade promotions or to reach their own strategic goals (Sique, 2008). Besides, sales promotions account for almost two-thirds of all promotional spending, but unfortunately only 16% are profitable (Drèze & Bell, 2003). Managers may be interested in knowing what strategy is best to adopt when deciding how to promote their products. One of the basic decisions confronting a manager, when implementing a promotion, is the type of promotion to be used and the benefit to be offered to consumers. Therefore, it is very relevant to understand what promotional tool (e.g. monetary vs. nonmonetary) works better at a given promotional benefit from the perspective of consumers' reactions (Palazon & Delgado-Ballaster, 2009).

### *Definition sales promotions*

Before defining sales promotions, a definition of the broader term 'promotion' will be given. Promotion is one of the four elements of the marketing mix. Blythe (2006, p. 14) defines it as following: '*promotion encompasses all the communications activities of marketing: advertising, public relations, sales promotions, personal selling etc.*' However, this study only focuses on one part of promotions, which is *sales promotions*. Promotion as a whole is too broad and not useful for the problem statement.

As stated afore, sales promotions are one aspect of promotions as a whole. They are targeted at final consumers that primarily aim to boost sales in the short-term by providing extra purchase incentives to customers. The most important features of sales promotions are: (a) encouraging to increase sales; (b) non-routine; and (c) short duration (Blattberg & Neslin, 1993). Several definitions of sales promotions are available in the literature (Blattberg & Neslin, 1990, p. 3; Teunter, 2002 and Ailawadi et al., 2009). The definition by Ailawadi et al. (2009) will be used in this study as it is recent, broadly supported in the literature and applicable to the retailer context. '*Sales promotions are an important element of competitive dynamics in retail markets with retailers using countless promotion techniques to attract consumers*' (Ailawadi et al., 2009).

### *Sales promotion types*

The most widely accepted typology of sales promotions distinguishes three types: (a) retail promotions; (b) trade promotions; and (c) consumer promotions (Chandon, 1995). **Figure 6** illustrates these sales promotion types.

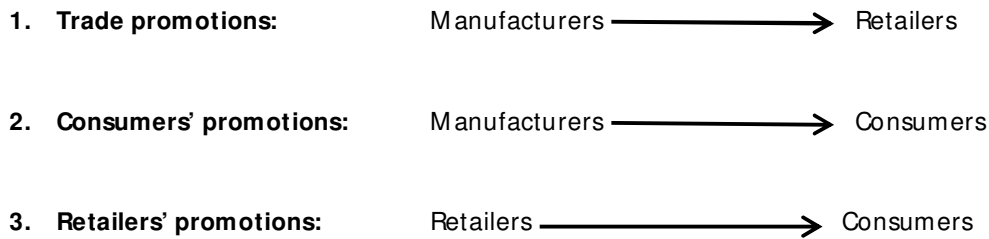


Figure 6. Typology of sales promotions (Chandon, 1995)

Sales promotions are a marketing tool for manufacturers as well as for retailers. Manufacturers use them to increase sales to retailers (*trade promotions*) e.g. discounts; and consumers (*consumers' promotions*) e.g. coupons and refunds. On the other hand, *retailers' promotions* are used by retailers to increase sales to consumers e.g. price promotions and displays (Gedenk et al., 2006). The focus in this study will be on retailer promotions because the problem statement clearly includes the retailer strategy for consumers.

*Promotional instruments*

Retailers may use different promotion instruments (e.g. Gedenk et al., 2006; Darke & Chung, 2005). **Figure 7** illustrates these tools given by Gedenk et al. (2006). Gedenk et al. (2006) provide the most appropriate overview of promotional tools as they are clear illustrated, recent and broadly supported in the literature. The distinction between *price* and *non-price promotions* is the first one that can be seen. Among all the promotional tools, price promotions are the most common form of sales promotions applied (Darke & Chung, 2005). However, price promotions have also been criticized. For example, consumers could be skeptical of sale prices, because they may view the lower selling price, rather than the initial price, as the 'true price' of the item. Discounts may also reduce quality perceptions of the product (Darke & Chung, 2005). In addition, price discounts are quite costly and can reduce consumer reference prices (Hardesty & Bearden, 2003). Also, price promotions can hurt brand image and brand equity (Yoo, 2000). This study will include both the price and non-price promotions. Depending on the possible differences between consumer buying behavior, the choice for certain promotional instruments will be made.

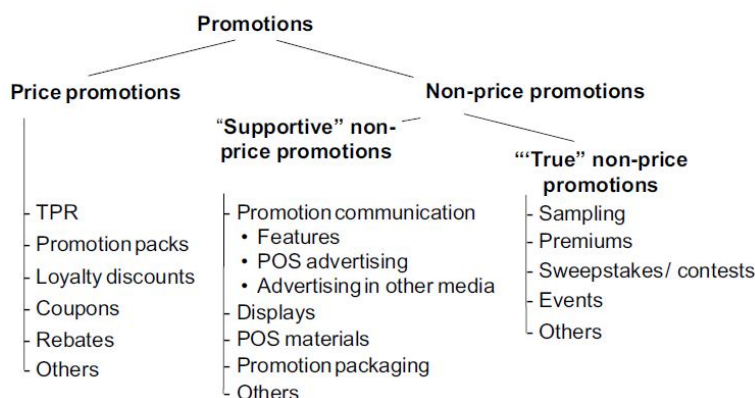


Figure 7. Instruments for retailer promotions (Gedenk et al., 2006)

The most used price promotion instrument is a *temporary price reduction* (TPR). Other forms of price promotions are *promotion/ bonus packs*, i.e., packages with extra content (e.g., 25 % extra) or *multi-item promotions* (e.g., 'buy three for x' or 'buy two get one free'). There are also *loyalty discounts* which require the purchase of units, but the consumer can do this over several purchases. Retailers can also use *coupons or rebates*. When using coupons, consumers have to bring the coupon to the store in order to get a discount. With rebates, consumers pay the full price, but they can then send in their receipt to get a discount (Gedenk et al., 2006).

The second distinction in **figure 7** can be made between 'supportive' and 'true' non-price promotions. '*Supportive non-price promotions*' are communication instruments that make the consumer aware of the product or of the promotion instruments. Very often they are used to draw attention to price promotions. For example, products on TPR are *featured or displayed*. Retailers can use many different forms of price promotions, such as temporary price reductions, coupons, and multi-item promotions, and combine them with non-price promotions like features, displays on the shop floor, other POS material and radio and/or TV commercials. On the other hand, retailers can use '*true non-price promotions*', where the focus of the promotion is obviously on a brand or store, and not on a price cut. Instruments such as *sampling and premiums* are mostly used by manufacturers, and not by retailers. A premium (free gift) is a product or a service offered free or at a relatively low price in return for the purchase of one or many products or services (Gedenk et al., 2006).

#### Retailer promotion dimensions

Several authors have studied retailer promotion strategies (e.g. Vos and Seiders, 2003; Bolton & Shankar, 2003). Focusing on components of such promotion strategies, Bolton & Shankar's (2003) given measures of price-related promotion decisions are most appropriate. These are quite recent and well supported in the literature. Bolton & Shankar (2003) studied retailer *pricing* strategies as a whole, including promotion strategies. As this study only focuses on the promotion part, the pricing aspect will be excluded. Retailer promotion strategies are found to be based on combinations of two underlying dimensions: *deal intensity* and *deal support*. Price variation and relative price have more to do with other aspects of the retailer price decisions. **Figure 8** illustrates all the dimensions of retailer pricing strategies, however only the yellow marked (promotion) dimensions and variables are relevant.

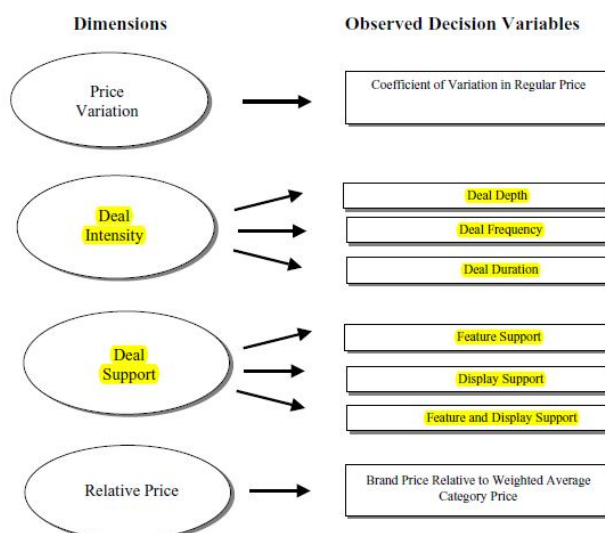


Figure 8. Dimensions of retailer pricing strategies (Bolton & Shankar, 2003)

### **Deal intensity**

Deal intensity involves depth of deal discount, frequency and duration of price cuts or deal discounts for a given brand at the retail level. First, manufacturers offer trade deals that chains (or stores) may pass along to consumers—thereby influencing the promotion strategies of a store and its competitors. Thus, decisions on deal intensity determine the final price for a sales promotion paid by the consumers. These decisions have important effects on the variability in category sales. Higher deal depth, greater deal frequency, and longer deal duration reflect higher overall deal intensity for a brand in a given category and store. Three variables/ measures of deal intensity (Bolton & Shankar, 2003) are:

- (1) Deal depth: average deal depth across only deal weeks
- (2) Deal frequency: percentage of weeks with deals
- (3) Deal duration: average deal duration (in weeks)

### **Deal support**

Deal support includes support of price discounts with features (all kinds of non-price promotions mentioned earlier) such as displays or newspaper features during some weeks. Deals, supported by features, may benefit both consumers and the retailer. Bolton & Shankar (2003) believe that the deal support across multiple brands within a category and across categories in a given store is an important complementary aspect of retailers' promotion decisions. Retailers who provide higher deal support for a brand have a higher frequency of features. A variable/ measure of deal support (Bolton & Shankar, 2003) is the percentage of weeks with deals combined with features (non-price promotions).

## **2.4 Consumer buying behavior**

### *Introduction*

The third theory in this study involves consumers' buying behavior. Consumers are very important to the manufacturer and the retailer because in the end the products should be bought and used by these people. From the marketing point of view, understanding consumer behavior is crucial to successful delivery of firms' offerings in the market place. An understanding of consumer behavior is the basis for strategic marketing formulation. Consumers' reactions to this marketing strategy determine the organization's success or failure (e.g. Kotler, 2002). For this thesis, it is relevant to look at the *buying behavior* of the consumers. Understanding the way people think concerning their buying behavior is a key factor in successful marketing (Blythe, 2006, p. 103). Specifically, this study will look at the consumer buying behavior of two countries in order to standardize or adapt the sales promotion strategy.

### *Definition of consumer behavior*

Before defining consumer behavior, it is of importance to also provide a definition of the consumer itself. Several definitions of consumers are provided (e.g. Khan, 2007, p. 5, Johns & Pine (2001) and Solomon (2009, p. 7). A recent definition which is well supported by the literature, and therefore will be used here, is given by Solomon (2009). According to him, a consumer is generally thought of as 'a person who identifies a need or desire, makes a purchase and then disposes of the product during the three stages in the consumption process' (Solomon, 2009, p. 7). The three stages are pre-purchase, purchase and post-purchase stages.

Consumer behavior is a very broad studied topic in the literature (e.g. Solomon, 2009, p. 6; and Khan, 2007, p. 5). Solomon's (2009) definition will be used in this thesis as it is both recent and widely supported by the literature. He defines consumer behavior as 'the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to



satisfy needs and desires' (Solomon, 2009, p. 6). In this definition consumer behavior is viewed as a process that includes the issues that influence the consumer behavior before, during and after a purchase.

In many cases, different people may be involved in the process. The *purchaser* and the *user* of the product may not be the same person. In other cases, another person may act as an *influencer*, providing recommendations for (or against) certain products without actually buying or using them (Solomon, 2009, p. 7). Khan (2007, p. 5) also states that there are several consumer behavior roles which can be filled by different members of a family or another group. **Table 1** below describes all of these roles; there is one additional role (initiator) compared to Solomon (2006). A product can be purchased by the head of the family and used by the whole family (Khan, 2007, p. 5). All the consumer behavior roles are to be kept in mind, but the emphasis in this study is on the buyer since buying behavior of a consumer will be studied.

Table 1 (Khan, 2007, p. 5)

Role	Description
<b>Initiator</b>	The person who determines that some need or want is to be met.
<b>Influencer</b>	The person or persons who (un)intentionally influence the decision to buy or encourage the view of the initiator.
<b>Buyer</b>	The person who actually makes a purchase.
<b>User</b>	The person or persons who actually use or consume the product.

#### *Consumer behavior domain: buying behavior*

As consumer behavior is a very broad concept, it can be divided in numerous domains. Examples of such domains are product acquisition, ownership and usage, buying behavior and complaining behavior (de Mooij, 2004). This thesis will focus on the *buying behavior* domain because it is most in line with the problem statement. Their buying behavior has a direct influence on the sales promotions of a retailer. The terms buying and purchasing behavior are interchangeably mentioned in the literature referring to the same. Here, the term buying behavior will be adopted as the main term.

Buying behavior is as well defined by numerous researchers (e.g. Triandis, 1994; and Kotler & Armstrong, 2009, p. 159). The latter definition will be used in this thesis as it is recent as well as broadly supported in the literature. Consumer buying behavior is defined as '*the buying behavior of final consumers - individuals and households that buy goods and services for personal consumption*' (Kotler & Armstrong, 2009, p. 159).

First, this study will measure *general* buying behavior. The aspects are reason(s) for the choice of retail store, buying the products for whom, bought products at the retailer, important criteria when buying products and comparison to other stores. The most important, more *specific*, aspects of buying behavior in this research will be more elaborated on. The two aspects of 'preference for promotion types' and 'interest in non-price promotions' are already described in section 2.3 as it concerns sales promotion types.

The remaining part of consumers' buying behavior is split up in seven aspects. These aspects are based on an overarching theory proposed by Baumgartner & Steenkamp (1996). These authors distinguish only two dimensions of *exploratory consumer buying behavior*. Their conceptualization is not very recent but it is broadly supported in the literature. Both theoretically and empirically the evidence suggests that a two-factor conceptualization of exploratory consumer buying behavior might be most useful. The two dimensions are consistent with prior distinctions made in both the psychological and consumer behavior literatures. The empirical evidence also seems to favor it over alternative conceptualizations.

The two dimensions of exploratory consumer buying behavior are *exploratory acquisition of products* (EAP) and *exploratory information seeking* (EIS). The first dimension (EAP) reflects 'a consumer's tendency to seek sensory stimulation in product purchase through risky and innovative product choices and varied and changing purchase and consumption experiences'. Consumers who are high on EAP enjoy taking chances in buying unfamiliar products, are willing to try out new and innovative products, value variety in making product choices, and change their purchase behavior in an effort to attain stimulating consumption experiences (Baumgartner & Steenkamp, 1996).

The second dimension (EIS) reflects 'a tendency to obtain cognitive stimulation through the acquisition of consumption-relevant knowledge out of curiosity'. Consumers who are high on EIS like to go browsing and window shopping, are interested in ads and other promotional materials that provide marketing information, and enjoy talking to other consumers about their purchases and consumption experiences (Baumgartner & Steenkamp, 1996).

These two dimensions are the basis for the seven aspects. Every dimension will be measured by several buying behavior aspects. Viewed from a retailer perspective *exploratory acquisition of products* can be best measured by looking at impulsive buying, loyalty and stockpiling. *Exploratory information seeking* can best be studied by means of measuring promotion proneness, media usage for sales promotions, important aspects of sales promotions advertisement and expectations of promotion frequency. Next, the seven aspects will be discussed briefly.

#### ***Impulsive buying (EAP)***

Impulsive buying behavior is a common concept in the literature studied by many (e.g. Kacen & Lee, 2002; Rook & Gardner, 1993). A quite recent and very well supported definition is given by Baumeister (2002), which will be used in this thesis. Impulsive behavior generally is understood as behavior that is not regulated and that results from an unplanned, spontaneous impulse. In particular, impulsive purchasing involves 'getting a sudden urge to buy something, without advance intention or plan, and then acting on that impulse without carefully or thoroughly considering whether the purchase is consistent with one's long-range goals, ideals, resolves, and plans' (Baumeister, 2002).

#### ***Loyalty (EAP)***

Many streams of research have studied loyalty behavior (e.g. Oliver, 1999, Bloemer and Kasper, 1995, and Gedenk et. al, 2006). There are several forms of loyalty behavior. Gedenk et. al, (2006) provide a clear and well supported division of loyalty behavior of consumers. Brand and store loyalty are the important loyalty aspects for this study. Manufacturers hope for increased *brand loyalty*. A lot of research has been conducted regarding the effect of promotions on brand loyalty. As a result, temporary price cuts decrease reference prices, increase price sensitivity, and decrease share of category requirements and repurchase probabilities. These findings suggest a negative relationship between promotion and brand loyalty. However, the net effect on brand sales may be positive for some consumers. The reason is that consumers may tend to repurchase what they purchased last time (Gedenk et. al, 2006). Retailers would like to increase *store loyalty*. Unfortunately, the effect of promotions on store loyalty has not been studied as much as brand loyalty. On the other hand, promotions may also have a negative effect on loyalty. Price promotions can decrease consumers' reference prices, thus making the brand / store appear expensive on the next shopping trip (Gedenk et. al, 2006).

### **Stockpiling (EAP)**

Stockpiling is an important aspect of buying behavior, in particular associated with sales promotions. This concept has been studied by many (e.g. Gedenk et al., 2006 and Sloot et al., 2005). Gedenk et al.'s (2006) definition is most appropriate as it relates stockpiling to sales promotions unlike the former authors. Gedenk et al. (2006) define stockpiling as *'the acceleration of a purchase in response to a price cut'*. If consumers accelerate purchases, their inventories increase. So consumers can stockpile the extra quantity for future use. This can decrease sales in subsequent weeks. Thus, stockpiling increases sales during the promotion, but decreases them afterwards.

### **Promotion proneness (EIS)**

In the literature consumer's response to sales promotion frequently refers to the term 'deal-prone or promotion-prone consumer'. This study will use the term 'promotion-prone' as it contains 'promotion' which makes it more clearly in this context. Promotion proneness has been defined by many (e.g. Lichtenstein et al., 1990 and Martinez & Montaner, 2006). This study will follow the latter definition despite of the former definition being more cited in the literature. Martinez & Montaner's (2006) study is recent and therefore more appropriate and still having sufficient support in the literature. Proneness to promotions may be defined as *'the tendency to use promotional information as a reference to make purchase decisions'* (Martinez & Montaner, 2006). As the response to promotions varies across individuals, promotion-prone consumers will be those who modify their purchase behavior so as to benefit from the temporary incentive offered by a promotion Martinez & Montaner (2006).

### **Media usage for sales promotions (EIS)**

As retailers use several media to support their sales promotions for consumers (advertising), this is also an important aspect to measure buying behavior. Most of the researchers who studied media usage of retailers and consumers roughly divide this into the 'traditional' and 'new' media (Ailawadi et al., 2009 and Huh et al., 2004). As media is subject to change, it is important to use recent literature. Therefore, Ailawadi et al. (2009) will be used in this thesis. Ailawadi et al. (2009) state that traditional media consists of TV, print and radio. Print media involves newspapers, magazines and leaflets/ brochures. New media sources are the Web, email, blog, social media and mobile media. Direct mail advertising is an example of using the internet to support sales promotions. Suitable for this thesis the media usage of the consumer, offered by retailers, will be viewed.

### **Important aspects of sales promotion advertisement (EIS)**

Focusing on print media within the advertising of sales promotions, retailers frequently use *door-to-door leaflets*. These are preprinted materials delivered directly to ZIP code areas of targeted households (Pieters et al., 2007). Many researchers have studied the design elements of such advertisements (e.g. Pieters et al., 2007 and Decrop, 2007). Most of them include the picture, brand and text elements. However, the most complete list of design elements is provided by Pieters et al. (2007). They are supported by many and their study is also recent. Pieters et al. (2007) studied how attention to the ads on a flyer page is affected by the surface size of design elements. There are five common design elements for any feature ad – brand, text, pictorial, price, and promotion. The *brand* element contains the visual brand identity cues of the featured manufacturer brand or private-label item, such as the brand name, trademark, or logo. The *text* element consists of all textual information, such as descriptions of the attributes of the item, excluding the brand name. The *pictorial* element comprises all non-textual information, such as a picture (excluding the brand trademark and logo). The *price* element includes the numeric information of the price for the featured item, and the promotion element refers to any information (textual or numeric) reflecting the promotional discount for the featured item.

Pieters et al. (2007) find that the size of the pictorial element has the largest effect, the total surface size of a feature ad has a strong effect on attention, and the size of the text element has little to no effect. The optimal layout differs for manufacturer brands, private label, and unbranded products. For a manufacturer's brand the pictorial, price, and brand elements should be most prominent.

### **Expectations of promotion frequency (EIS)**

Many researchers have assumed that a perception of promotion frequency, also called deal frequency, is an important determinant of consumer purchase decisions (e.g. Krishna et al., 1991 and Raghurir, 2006). This thesis will adopt Raghurir's (2006) study as it is more recent and sufficiently supported. Raghurir (2006) states that consumers could have some expectations of the frequency and regularity of a brand's promotion patterns, *when it will promote and when it will not*, depending on their experience with the past patterns of deals offered by companies. If a brand unexpectedly offers a price promotion, this could lead consumers to increase their purchase likelihood (as they experience a 'gain'). On the other hand, when they expect to find a promotion and find the brand on full price, they experience a loss, and may be even less likely to purchase the product (Raghurir, 2006).

## **2.5 Cross-cultural consumer behavior differences**

### *Introduction*

Section 2.4 explained why the theory concerning consumers' buying behavior is important for this study. This paragraph will explain consumer buying behavior across different cultures. National culture is important in this thesis because most elements of consumer behavior are culture bound, and so is the marketing strategy that marketers develop (de Mooij, 2005, p. 35). Cultural distinctions have been demonstrated to have important implications for advertising content, consumer motivation, consumer judgment process and so on (Wänke, 2009, p. 227). In addition, de Mooij & Hofstede (2002) state that effectiveness in marketing means adapting to cultural values. Many studies also point at the necessity of adapting branding and advertising strategies to the culture of the consumer. Lee (2000) for example states that the investigation of important cultural dimensions and their effect on consumer behavior should precede decisions on the standardization of marketing programs, such as sales promotion strategies. In addition, as marketers enter new international markets, an understanding of how culture influences consumer behavior will be crucial for both managers and consumer researchers (Luna & Gupta, 2001). Furthermore, expanding operations to countries with different cultural values than one's own, without adapting to these differences, can lead to serious losses (de Mooij & Hofstede, 2002). At the same time it is important to realize that culture only represents one aspect of the environment within which the firm operates. Other factors are for example political barriers, economic laws, technological differences and geographical distance (Blythe, 2006, p. 310).

### *Definition of culture*

Before it is possible to compare different cultures, it is necessary to provide a theoretical background about the composition of culture. Culture represents the largest influence on many dimensions of human behavior. This makes defining culture difficult (McCort and Malhotra, 1993). Several authors state that culture can be described on different levels of analysis (e.g. Hofstede, 1980; Steenkamp, 2001; Wänke, 2009). Culture can be studied on a group level, an organizational level, a national level, a group of nations such as the European Union etc. For this study, culture will be described on a national level because two countries (Netherlands and Belgium) are compared to each other. Hofstede (1980) considers national culture not as the only culture, or the totality of cultures,

within a nation, but it culturally distinguishes the members of one nation from another. The population of a nation can be divided on many grounds, but Hofstede states that regardless of these differences every national population shares a unique culture.

Culture is defined by several authors (e.g. Tylor, 1871, in McCort & Malhotra, 1993; House et al., 2002 and Hofstede, 1997). Researchers in cross-cultural management traditionally use Hofstede's (1997) definition of culture, who defines it as *'the collective programming of the mind which distinguishes the members of one group or category of people from another'* (Hofstede, 1997, p. 5). The focus of this definition is the comparison of one culture with another. In addition, in 2001 Hofstede complements this by describing a national culture as *'patterns of thinking, feeling, and acting rooted in common values and conventions of a society'*. This study will use Hofstede's definition of culture as it is widely supported in the literature.

### *Elements of culture*

It is important to as well describe the cultures of the two countries (the Netherlands and Belgium) with some elements arising from sharing common values. Hofstede (1991) distinguishes four manifestations of culture: symbols, rituals, heroes and values. The order of these manifestations shows their volatility and persistence, which means their ability to be changed (de Mooij, 2004, p. 23). Furthermore, Blythe (2006, p. 309) states that culture comprises of five main elements which may be visible or non-visible (similar to Hofstede). This thesis will use Blythe's (2006) elements as they are clear, extensive and well supported (however not as much supported as Hofstede's elements). The cultural elements are as following (first three are visible and the last two are not visible (Blythe, 2006, p. 309):

- *Religion*: the prevailing religion has an impact on culture, even if the majority of the population is non-practicing.
- *Language*: social behavior is heavily influenced by language, through which a culture's values and norms are communicated. The language shapes the nation's thought.
- *Social structure*: this represents the socio-economic class structure and also gender roles and family patterns.
- *Shared beliefs and ethics*: beliefs about what is and what is not acceptable.
- *Non-verbal language*: this includes gestures and body language. Some gestures are universal but most are not.

### *Dimensions of national culture*

Countries can be compared by means of dimensional scales of culture. The cultural dimensions in turn can be quantified and correlated with several aspects such as consumption. Various researchers discuss the choice of dimensions most appropriate for conceptualizing and operationalizing culture (e.g. Hofstede, 1991; Schwartz, 1994; Steenkamp, 2001). In order to understand cultural differences, several models have been developed. The best known are the Hofstede model (Hofstede 1997, 2001; Hofstede & Hofstede 2005) and other models suggested by Trompenaars (1993), Schwartz (1994), and the recent GLOBE study (House et al. 2004). These models have similar basic values, however they are differing with respect to the number of countries measured, the level of analysis (individual versus culture level), the dimension structure (one-poled or two-poled categorizations), the number of dimensions, the subjects (Schwartz – teachers and students; GLOBE – middle managers; Hofstede – all levels of employees in a company), and conceptual and methodological differences (e.g. measuring what should versus measuring what is) (De Mooij & Hofstede, 2010).

### **Hofstede's cultural dimensions**

Only a few cultural dimensional models provide country scores that are appropriate as independent variables. Thus, data on consumer behavior can be correlated with cultural variables (de Mooij, 2004, p. 32). In this study, Hofstede's cultural dimensions will be used. His work has been simultaneously praised and criticized. Still, the framework (1980, 2001) is the most commonly used national cultural framework in marketing, business, management, psychology and sociology (Sondergaard, 1994; Steenkamp, 2001). The table in **appendix 4** compares Hofstede's dimensions to other approaches towards culture. The table shows a high level of convergence across the different approaches. It also supports the theoretical relevance of Hofstede's framework and justifies further use of his dimensions.

Hofstede's original data were derived from populations of employees from national subsidiaries of one multinational firm (IBM). He used 116,000 questionnaires from over 60,000 respondents in 72 countries in his empirical study. The results were originally validated against some 40 cross-cultural studies from a variety of disciplines and have been extended by Hofstede (2001). Hofstede's framework consists of five dimensions and they are measured on index scale. Each country has a position on every scale or index, relative to other countries. The dimensions are measured on index scales from 0 to 100. He linked the dimensions with demographic, geographic, economic, and political aspects of a society; a feature unmatched by other frameworks.

Hofstede's operationalization of cultures is the norm used in international marketing studies (e.g. Engel et al., 1995; Sivakumar & Nakata, 2001). His dimensions have been used to formulate hypotheses for comparative cross-cultural studies (Soares et al., 2007). The dimensions are also useful as a theoretical framework for comparing cultures even if the actual scores are not used and the dimensions are measured with new or adopted instruments (Lu et al., 1999). The argument that Hofstede captures cross-country differences has received extensive support (Lynn and Gelb, 1996). Furthermore, Soares et al. (2007) argue that Hofstede's model represents a simple, practical, and usable shortcut to the integration of culture into studies. Another reason for the widespread adoption of Hofstede's culture classification is due to the large number of countries measured and thus the availability of 'scores' for all those countries. It is the most extensive and large in terms of the number of national cultures samples (Smith et al., 1996; de Mooij & Hofstede, 2010).

### **Criticism on Hofstede's cultural dimensions**

Although Hofstede's research is widely accepted and used, his model of cultural dimensions has also received some criticism. McSweeney (2002) for example has critiqued Hofstede's methodology. He argues that five assumptions that are essential to Hofstede's model are all flawed. Therefore, McSweeney (2002) rejects Hofstede's model and finds national culture unlikely as a causal factor of behavior. The five aspects of critique will be discussed next.

- (1) First of all, the uncertainty regarding the use of the concept of culture is mentioned. Hofstede assumes that there is a national culture, but there are also other subcultures, such as organizational culture. Hofstede never indicated what the impact of subcultures may be.
- (2) Then, along with a lot of others (e.g. Schwartz, 1994; Erez & Earley, 1993), the question is asked whether the same dimensions are found among other matched samples of respondents. Other types of samples might generate different dimensions and order of nations. Hofstede's dimensions were derived from answers by IBM employees only. According to McSweeney it is not possible to generalize the answers given by the IBM employees to a whole nation. The IBM employees stand for a certain group of people and they can definitely differ from other people living in their country. So it would not be valid to state that research stands for an entire country, rather for an organization.

- (3) In addition, Hofstede did not use all the responses of the IBM employees. There are about seventy countries surveyed in total, however he only used fifty countries for the analysis. The other countries did not fit in his research. Therefore were not included in the study. Apparently there have been differences, but what indicates those differences? It could be that IBM has influenced the surveys because the surveys were conducted in the workplace.
- (4) Furthermore, there are other researchers who tried to describe cultural dimensions but they came up with other dimensions than Hofstede's. Hofstede also sees five dimensions as five independent constructs, while other researchers found related constructs. So to what extent is it likely that Hofstede's model is universal?
- (5) Finally, McSweeney (2002) finds Hofstede's model not plausible because Hofstede's research is not entirely conducted in the right way. It seemed a large-scale study, but in fact the response of some countries was very low. The results may not be generalized over a larger group when dealing with a low response. In fact, a replica research would be needed.

Other researchers which have also evaluated Hofstede's model came up with the following shortcomings. First, empirical work that led to the initial four dimensions took place in 1967–73. Thus the findings might be outdated. However, although cultures change such change is believed to be very slow and relative cultural differences should be extremely persistent and quite stable over time. (Sivakumar & Nakata, 2001; Hofstede and Usunier, 1999, p. 120). Hofstede argued that cultures change basic enough to invalidate the country index scores, therefore these scores should not be recognizable for a long period, perhaps until 2100 (Hofstede, 2001). Another criticism to his model is that he used a work-related context and originally applied his framework to human resources management (Soares et al., 2007). While being aware of the criticism on Hofstede's dimensions of culture, still this thesis will make use of his model. Hofstede's work is frequently cited which shows a high amount of support in the literature

### **Hofstede's five cultural dimensions**

The five dimensions of national culture are described (Hofstede, 2001):

#### 1) Individualism–Collectivism (IDV)

Individualism–collectivism describes the relationships individuals have in each culture. The dimension determines the degree to which people prefer to act as individuals rather than as members in a group. In individualistic societies, individuals look after themselves and their immediate family only whereas in collectivistic cultures, individuals belong to groups that look after them in exchange for loyalty. In addition, in individualistic cultures, people value independence from others as opposed to collectivism. Also, in individualist cultures, the identity is in the person; in collectivist cultures, identity is based in the social network to which one belongs. Besides, in individualist cultures there is more explicit, verbal communication; in collectivist cultures communication is more implicit. The constructs of individualism and collectivism represent the most broadly used dimensions of cultural variability for cross-cultural comparison.

#### 2) Power distance (PDI)

The power distance dimension can be defined as '*the extent to which less powerful members of a society accept and expect that power is distributed unequally*'. Examples of such social inequalities are wealth, status and power. This dimension reflects hierarchy and dependence relationships in the family and organizational contexts. It leads people to buy and use products to construct a social identity and to confirm social status differences. Specifically, people in high power distance societies desire to imitate

the consumption behavior of their superiors, which is often innovative, and also quickly pick up innovations adopted by others of similar status. In cultures with a large power distance everybody has his/her rightful place in society, there is respect for old age, and status is important to show power. In cultures with small power distance, powerful people try to look less powerful and people try to look younger than they are.

### 3) Masculinity–Femininity (MAS)

The masculinity–femininity dimension can be defined as follows: *‘the dominant values in a masculine society are achievement, success and assertiveness; the dominant values in a feminine society are caring for others, nurturing, modesty and quality of life’*. Masculinity leads people to place greater value on performance, ambition and material values. Status is important to show success. Feminine cultures have a people orientation, small is beautiful, and status is not very important. In masculine cultures there is substantial role differentiation between males and females; in feminine cultures there is less role differentiation.

### 4) Uncertainty avoidance (UAI)

Uncertainty avoidance refers to *‘the extent to which people feel threatened by uncertainty, risk and ambiguity and try to avoid these situations’*. It leads consumers to resist change, reduce risk, and avoid new products. In cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life and competence is a strong value resulting in belief in experts. In weak uncertainty avoidance cultures there is a strong belief in the generalist. Moreover, in weak uncertainty avoidance cultures, people tend to be more innovative and entrepreneurial.

### 5) Long-term orientation versus Short-term orientation (LTO)

Long-term orientation is *‘the extent to which a society possesses a pragmatic, future-oriented perspective rather than a traditional historic or short-term perspective’*. Long-term orientation focuses on the future and adaptation of traditions to new circumstances leads people to be more adaptable. Also to believe that the most important events in life will occur in the future, and to be open to innovations. Long-term oriented cultures are particularly found in East Asia and value acceptance of change, having a sense of shame, relationships by status, thrift and pursuit of peace of mind. Short-term orientation is found in the Western world and values personal steadiness, stability and respect for tradition.

## *Comparison of Dutch and Belgian culture*

### **Comparing countries**

As this study is comparing the culture of two countries, the following point of discussion has to be mentioned. Namely, the delineation of cultural groups by national boundaries, when there could be much diversity within national borders (Hofstede & Hofstede, 2004). With respect to values, some nations are more homogeneous than others, although differences between nations are substantially larger than differences within nations. Arne Maas (in de Mooij, 2004) measured the degree of cultural cohesion of countries where he included 19 European countries. Belgium scores a 3.6, which is a low score considered the division of the country in Flanders and Wallonia that makes Belgium a coherent country. Netherlands scores a 5.7, which is quite average compared to other European countries (de Mooij, 2005, p. 52). The fact that Belgium and the Netherlands are both (quite) cohesive is beneficial for this study because the results of this study can thus say something about the whole country instead of only the researched regions.



### Hofstede's cultural dimensions for the Netherlands and Belgium

As described afore, the most widely used model for determining a national culture and comparing this with other cultures is by Hofstede. Therefore, along with the many advantages, his dimensions will be used to compare the cultures of the Netherlands and Belgium. **Table 2** will show the scores of all the five dimension which are assigned to the two countries. It is important to note that Belgium has also been separated in the Dutch speaking and French speaking part. France is also added in order to compare Belgium's index scores.

Table 2. Index scores for countries (Hofstede, 2001)

Country	Power Distance	Uncertainty Avoidance	Individualism/Collectivism	Masculinity/Femininity	Long-Short-Term Orientation	Primary Language
<b>Belgium Total</b>	65	94	75	54	38	Dutch
<i>Dutch speakers</i>	61	97	78	43	-	Dutch
<i>French speakers</i>	67	93	72	60	-	French
<b>France</b>	68	86	71	43	39	French
<b>Netherlands</b>	38	53	80	14	44	Dutch

#### Explanation of table

- Power distance:  
-Belgian people have a higher tolerance for power distance (65) than the Dutch (38).  
-The two parts in Belgium do not differ much on the power distance dimension.
- Uncertainty avoidance:  
-The Netherlands have a lower score on uncertainty avoidance (53) as compared to Belgium (94).  
-Again, the Dutch and French speaking parts in Belgium differ minimally.
- Individualism-Collectivism:  
-On this dimension, Belgium has a slightly lower score (75) than the Netherlands (80).  
-The difference within Belgium is again small.
- Masculinity-Femininity:  
-Belgium is more masculine (54) than the Netherlands (14).  
-Out of the entire dimension, this dimension shows the biggest difference between the Dutch speaking and French speaking Belgians. The difference is 17 points wherein the Dutch speakers tend more to the lower score (just like the score of the Netherlands).
- Long-Short-Term orientation:  
-The Netherlands has a slightly higher score (44) on this dimension than the Belgians (38).  
-The two parts in Belgium are not been separately measured.

-Both the Netherlands and Belgium can be placed as below average on this dimension. They tend more towards the short-term than the long-term orientation.

Although Flemish and Walloon cultures differ in several respects (the Flemish are closer to the Northern European culture and the Walloon closer to the South European culture), they still have a lot in common. Very few in either Flanders or Wallonia have ever suggested that their region should leave Belgium and join the neighbor state (either Holland or France). The two language areas in Belgium share basically the same culture which closely resembles the French culture. The culture gap between the Netherlands and Dutch-speaking (Flemish) Belgium is somewhat smaller than comparing the Netherlands to the French-speaking (Walloon) Belgium, but is still very large. In fact, no two countries in the HERMES data with a common border and a common language are so far culturally apart as Belgium and the Netherlands. The gap occurs in Power Distance, Uncertainty Avoidance, and Masculinity; only in Individualism and Long/short-term orientation do Belgium and the Netherlands come together (Hofstede, 1980).

#### *Diversity in cross-cultural consumer research*

Up to now this paragraph explained the importance and the dimensions of culture. Next to culture, consumer (buying) behavior is important. In particular the relationship between the two. Interest in studying cultural phenomena and the cultural context of consumer behavior has both increased and broadened substantially (e.g. Douglas & Craig, 1997; de Mooij, 2004). Consequently, it has become very diverse in content, scope and methodology, resulting in a wide range of different topics and perspectives. A good overview of the diverse research streams regarding culture and consumer behavior is provided by Douglas & Craig (1997). Despite of the overview being not that recent, it can still be used in 2012 as the streams of research are comparable nowadays. The overview is as well sufficiently supported in the literature. These different approaches and the types of research design are shown in **appendix 5**. One approach is for example studying the *universality of consumer models*, mainly examining American or European models in other cultures. Another, by far the largest number of studies, concentrated on *comparing similarities and differences in various aspects of consumer attitudes and behavior* such as attitudes and decision-making behavior in different countries (Douglas & Craig, 1997). This approach is also adopted in this study as consumer behavior in two countries will be compared.

#### *Cross-cultural differences in consumer behavior*

In literature focusing on consumer behavior, a prominent role has been put aside for the influence of culture on this consumer behavior. Culture has an impact on many aspects of consumer behavior, from service expectations to consumer innovativeness. According to Hofstede (1998) people's decisions to buy certain products and services are influenced by a number of factors. Though income or spending power is a precondition, in developed countries consumption behavior is not based on the economic choice between alternatives (Hofstede, 1998). In Europe, where countries are converging with respect to national wealth and where a difference in consumer behavior across countries is culture (De Mooij, 2005, p. 10). What motivates people to buy and use certain products is largely a matter of culture. Culture influences how people relate to each other in the buying process, whether decisions are made by individuals or groups, and what motivates someone to buy specific products (Hofstede, 1998). He states that consumer behavior varies with culture. Also, perceptions of promotional incentives can vary enormously from country to country, and differences are frequently culturally inspired (Kashani and Quelch, 1990).

The influence of cross-cultural differences in consumption has been studied by many (e.g. Ackerman & Tellis, 2001; Luna & Gupta, 2001). Culture may not only have an effect on the products that consumers purchase, but also on the actual process of buying and the response of retailers. The marketing literature has different conclusions concerning cross-cultural differences in behavior. One group of researchers finds differences which are relevant to marketers, whereas other researchers find no cross-cultural differences between consumers. Clark (1990) for example believes that national characteristics of behavior are unique and consistent over time. These unique characteristics are due to shared norms, values and learned behaviors that relate to culture within national boundaries. Levitt (1983) on the other hand assumes that differences between cultures and languages are small enough to defend mass strategies such as standardized promotions, packaging, advertising and brand names across countries.

De Mooij & Hofstede (2002) are advocates of cross-cultural differences between consumers. According to them, in general there is no empirical evidence that consumption behaviors are converging between countries. Instead, there is evidence that consumer behavior is diverging in Europe as reflected in the consumption, ownership and usage of many products. Therefore, they state that consumer behavior will become more heterogeneous because of cultural differences. Because of converging consumer incomes between countries, the value differences will become stronger. In European countries, there are huge differences among the consumers' value systems. These value systems are strongly rooted in history and seem to be very resistant to change. This makes it more and more important to understand national culture values and their impact on consumer behavior.

The Hofstede model of national culture, which is explained earlier in this paragraph, has proved to be a useful instrument for understanding consumer behavior differences across cultures (de Mooij and Hofstede, 2010). As the Hofstede model is frequently applied in cross-cultural consumer behavior studies, this will also be used in this study. A lot of differences in consumption can be predicted and explained by looking at the relationship between consumer behavior and scores on Hofstede's national culture dimensions. Consumer behavior is obviously very broad. Paragraph 2.6 will be more specific in mentioning intercultural findings in the literature regarding consumer buying behavior.

#### *Cross-cultural differences in consumer behavior and the influence on marketing strategies*

In the end, the three most important concepts in this thesis are culture, consumer (buying) behavior and marketing (sales promotion) strategy. Several researchers have studied the relationship between them (e.g. Luna & Gupta, 2001; de Mooij & Hofstede, 2002; Ackerman & Tellis, 2001). De Mooij & Hofstede (2002) state that an understanding of culture can assist in making marketing decisions, such as whether to pursue standardized or localized strategies – something that has been discussed in the context of retailing strategies. They also believe that retailers should not ignore cultural differences, and thus differences among consumers, when expanding to offshore markets. Retailing strategies for one country cannot be extended to other countries without adaptation. Moreover, many companies that ignored culture's influence and thus centralized operations and marketing, resulted in declining profitability instead of increasing efficiency (de Mooij & Hofstede, 2002). Yuan et al. (2011) as well find some support for the view that culture plays a major role in shaping consumer behavior, which offer some marketing implications to managers. Consumer values and needs always influence the shaping of consumers' reaction towards marketing stimuli based on social culture. Thus, managers need to give different marketing activities to satisfy different markets' consumers. Also, according to Ackerman & Tellis (2001) manufacturers and retailers should care about differences in buying behavior. Retailers may have to offer a considerably different marketing mix to attract consumers in various markets. They suggest that differences in buying influences for example the prices offered by retailers (Ackerman & Tellis, 2001). The model used in this study to illustrate this relationship is provided by Luna & Gupta

(2001) as it is very clear and well supported. The usage of the well supported Hofstede's culture in this model is also a reinforcing argument. Luna & Gupta (2001) developed a model which describes the mutual influence of culture and consumer behavior on marketing strategies. **Figure 9** illustrates these relationships. Culture affects consumer behavior (as can be seen in the model) which itself may reinforce the appearances of culture. Marketers' actions serve as a means to transfer meanings or values from a culture to consumer goods so marketing communications are shown in the model as a moderator of the effect of culture on consumer behavior. Luna & Gupta (2001) state that even when a few markets have relatively similar characteristics, each country should have its own marketing plan. Again, this section mentions the broad concept of consumer behavior as a whole to understand the bigger picture. The next paragraph will be more specific.

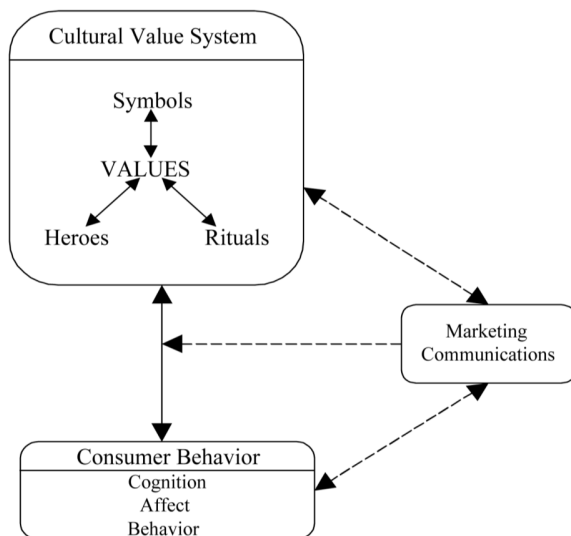


Figure 9. A model of the interaction of culture, consumer behavior and marketing communications (Luna & Gupta, 2001)

## 2.6 Hypotheses

This paragraph discusses the formulated hypotheses. These are based on intercultural findings in the literature regarding promotion proneness, interest in non-price promotions and loyalty behavior. All of the hypotheses contain one of Hofstede's cultural dimensions combined with the relevant dependent variables. Hofstede's dimensions are increasingly used and provide as excellent independent variables for comparative cross-cultural studies. They have led to many useful explanations of cross-cultural differences in consumer behavior. Hofstede himself studied consumers in 16 European countries and compared this data to these countries' scores on his national cultural dimensions. A number of significant correlations with culture were found. De Mooij (2011) states that Hofstede's cultural dimensions can explain more than half of the differences in consumption and consumer behavior. One of the reasons may be that his dimensions are independent. Only power distance and collectivism are interdependent. Both are correlated with wealth (GNP/ capita), but when that is controlled for the correlation almost disappears (De Mooij, 2004, p. 36). Lu et al. (1999) have also confirmed the relevance of Hofstede's cultural dimensions for international marketing and consumer behavior. The appropriateness of these dimensions for this thesis are also supported by the suggestion that 'there are specific relationships between Hofstede's cultural dimensions and the appropriate promotional policy' (Kale & McIntyre, 1991).

For this thesis, three of the five dimensions of Hofstede, described earlier in 2.5, are used to formulate hypotheses. Two out of the three dimensions indicate differentiating scores for the Netherlands and Belgium. It should be kept in mind that the theoretical strength of the hypotheses is not equal across the three dimensions. Also, as is in the nature of any testing of this kind, it is possible to think of alternative arguments. However, more than one dimension has been included to ensure the study is comprehensive. Next, the three constructs and their matching hypotheses will be described.

### **Masculinity – Femininity and promotion proneness**

The *Masculinity- Femininity* (MAS) dimension in particular explains cross-national differences in consumer behavior that otherwise would have remained vague (Hofstede, 1998). Therefore, this dimension will be one of the national culture constructs to be used in this study. The actual index scores show a difference between Belgium (Flanders) and the Netherlands indicating the Dutch being very feminine and the Belgians more masculine (see section 2.5 for the actual index scores). Therefore a difference in promotion proneness of consumers is expected. Masculinity-Femininity explains differences in the need for success as a component for status, resulting in varying appeal of status products across countries (Hofstede, 1998). As a reminder, promotion-prone consumers are those who modify their purchase behavior so as to benefit from the temporary incentive offered by a promotion Martinez & Montaner (2006). As status and success are not so important to feminine countries, promotional buying will be more common and accepted than in more masculine cultures in which promotional buying can be considered as 'being cheap'. Being successful and having status mostly is associated with a high income. Therefore, they could easily afford products anytime without being lured by sales promotions. Buying in promotion (being promotion prone) does not do any good for the status. Due to that association, masculine countries are less likely to be promotion prone. The following hypothesis is proposed:

H1: Countries with a higher score on femininity are more likely to have promotion prone consumers compared to more masculine national cultures.

### **Power distance and promotion proneness and interest in non-price promotions**

The second dimension of culture which can have an influence on consumer behavior is *Power distance* (PDI). The actual index scores show a difference between Belgium (Flanders) and the Netherlands indicating the Dutch being lower power distance than the Belgians (see paragraph 2.5 for the actual index scores). Therefore a difference in promotion proneness and interest in non-price promotions of consumers is expected. Power distance focuses on the degree of perceived equality between people in a society. This construct deals with the acceptability of social inequalities, such as in power, wealth and status. A low PDI ranking indicates a de-emphasis of position, whereas a higher power distance score suggests a consciousness of hierarchy (Hofstede, 2001).

Power distance implies a higher tendency toward privileged positions, suggesting that buyers from high power distance cultural groups (in which social and economic class differences are more emphasized) are more likely to prefer symbolic appeals (Lowe & Corindale, 1998). Symbolic appeals are an indicator of high social classes, as opposed to for example sales promotions. This in turn means that countries with a lower power distance are less likely to be interested in symbolic appeals and that sales promotions are possibly more accepted throughout the whole society. The avoidance of humiliation can also be an argument for high power distance countries being less promotion-prone. The previous means that high PDI consumers are likely to place much emphasis on potential psychological and social risk to their hierarchical status (Lowe & Corkindale, 1998). For example, to be seen as 'cheap' by your friends or to be assumed to be of low socio-economic status. De Mooij (2004, p. 274) also mention the importance

of attitudes of family and friends toward buying discounted products, fear of embarrassment or losing face when buying discounted products, as well as consumers' price consciousness. A sign of low class or inability to pay full price are as well important factors influencing high PDI consumers (De Mooij, 2004, p. 274). The following hypothesis is proposed:

H2: Countries with a lower score on power distance are more likely to have promotion prone consumers compared to higher power distance national cultures.

Sales promotions are roughly divided into price (or monetary) and non-price (or non-monetary) promotions. In high power distance cultures, inequality is prevalent and accepted. Indeed, 'privileges and status symbols are both expected and desired' (Hofstede, 1991). Consumers in such cultures are thus likely to be more responsive to sales promotions that contain differential treatment. These mainly involve non-monetary promotions, in which differential treatment may occur by purchase value (e.g., free gifts and reward programs) or by chance (e.g., sweepstakes). In contrast, cultures with lower power distance are less tolerant of inequalities and special privileges (Hofstede, 1991). Consumers in such a culture would have a relatively higher preference for sales promotions that offer equal rewards for everyone. These mainly involve monetary promotions, such as price discounts and coupons, as they are generally available with the same level of benefit offered to everyone (Kwok & Uncles, 2005). The following hypothesis is proposed:

H3: Countries with a higher score on power distance are more likely to be interested in non-price promotions compared to lower power distance national cultures.

#### **Individualism – Collectivism and loyalty**

The third and last construct is *Individualism-Collectivism* (IDV) that relates to the degree to which society reinforces collective relationships or individual achievement (Hofstede, 2001). The actual index scores show that both the Netherlands and Belgium have a high score on individualism (see section 2.5 for the actual index scores). Therefore a difference in loyalty behavior is not expected. As a reminder, loyalty can be seen as an 'overall attachment or deep commitment to a product, service, brand or organization' (Oliver, 1999). Individualists are likely to be less concerned than collectivistic consumers with relationship building aspects such as loyalty, long-term commitment to a group and an enduring sense of responsibility for the welfare of others. Collectivist consumers are said to place a higher value on human relations than they do on physical goods and can use consumption activities to cherish good relationships (Lowe and Corkindale, 1998). This means that developing a relationship with the seller of goods is often seen as more important than the purchase of those goods in the long-term. Moreover, De Mooij (2004, p. 264) states that both in the search and buying process social relationships between buyers and sellers vary between individualistic and collectivistic countries. In collectivistic countries buyers want a relationship with the seller more than in individualistic countries. Therefore, the following hypothesis can be proposed:

H4: Countries with a higher score on collectivism are more likely to be loyal to brands and stores compared to more individualistic countries

After identifying all the hypotheses, a research model can be composed. **Figure 10** indicates all the relationships that will be studied in this thesis.

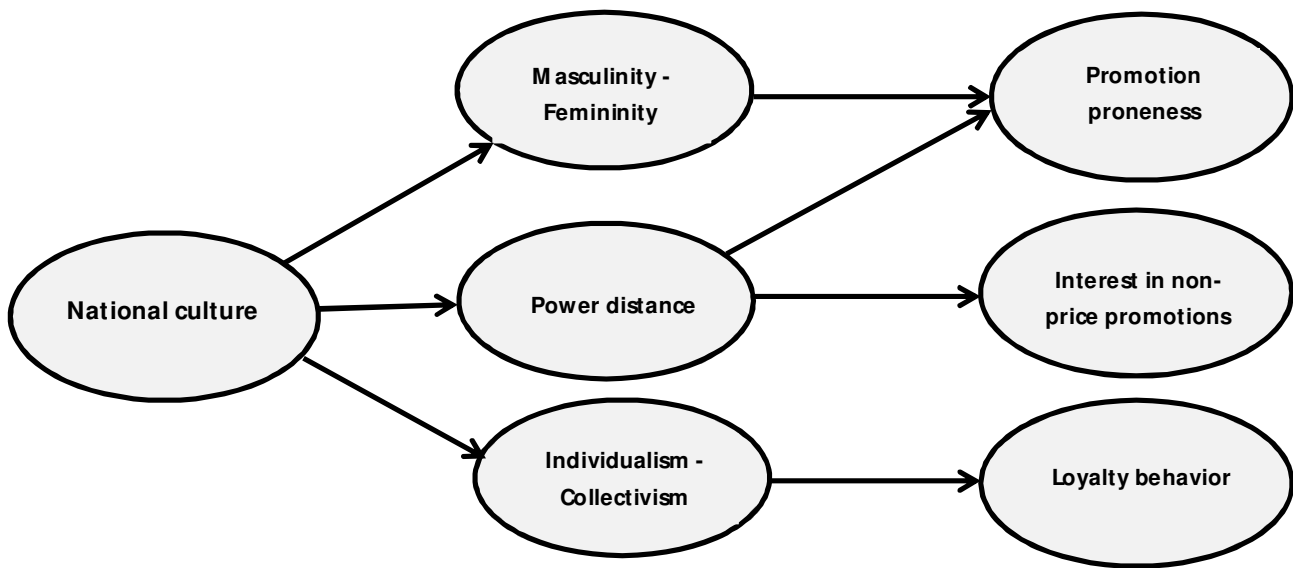


Figure 10. Research model

# Chapter 3. Research methodology

## 3.1 Introduction

In the previous chapters the focus of this study has been discussed elaborately, supported by the key theoretical insights. This chapter provides a further explanation of the specific focus of this study including the methodology and operationalization of theoretical constructs measured and tested in this study. Before going further into those aspects, it is important to mention the *ceteris paribus* conditions on which this research is based. It is an assumption of 'all other things being equal'. In this case, it means that all the contextual factors such as technological, economic, political, legal (laws & regulations), social and environmental are constant. Since there is a theoretical framework to describe fundamental concepts in this research it is important to rule out the possibility of other (contextual) factors influencing those concepts. It is actually a way to simplify the described relationships and concepts. Respectively, the following main aspects will be addressed in this chapter: type of research, research methods and operationalization, sampling, methods of analysis and validity and reliability.

## 3.2 Type of research

Research can roughly be divided into three types of research. Depending on the research topic and problem statement different kinds of research are appropriate. Therefore, it is important to look at the purpose of this study. The purpose of the research can be exploratory, descriptive or explanatory. These categories are not mutually exclusive; they are a matter of emphasis. As any research study will change and develop over time, more than one purpose may be identified (Saunders et al., 2009, p. 139). Shortly, *exploratory* research is valuable for finding out what is happening and particularly to clarify the understanding of a problem. *Descriptive* research seeks to provide an accurate description of observations of phenomena. *Explanatory* research establishes causal relationships between variables (Saunders et al., 2009, p. 139-140).

This thesis makes use of two types of research; explanatory and descriptive research. First of all, the thesis has an explanatory purpose. 'The emphasis here is on studying a situation or a problem in order to explain the relationships between the variables' (Saunders et al., 2009, p. 140). Furthermore, the key variables and key relationships are defined. In this study 4 hypotheses are developed before collecting any data. The study will provide evidence supporting or not supporting the relationship between variables. In this case, cultural dimensions and for example promotion proneness are being hypothesized.

The second research type in this study is of descriptive nature. 'The object of descriptive research is to portray an accurate profile of persons, events or situations' (Robson, 2002, p. 59). Furthermore, only the key variables (not relationships) are defined in this type of research, compared to explanatory research. In this study several variables regarding consumers' buying behavior are measured and compared for two countries. Such descriptive comparisons can produce useful insights and lead to hypothesis-formation for future research.

These two research types are being used in this thesis to provide a valid study. With explanatory and descriptive research types, there will be measured what should be measured. First, there should be measured if culture has an influence on certain buying behavior (explanatory). Second, buying behavior of Dutch and Belgian consumers should be compared (descriptive).



### 3.3 Research methods and operationalization

After establishing the type of research, the research method(s) (or strategy) can be determined. No research strategy is inherently superior or inferior to any other. The strategy should enable answering the research question(s) and meet with objectives. Research strategies can also be combined and should not be seen as mutually exclusive. There are several research methods, for example experiment, survey, case study, and archival research (Saunders et al., 2009, p. 141). Babbie (2004, p. 110) states that each research method has its strengths and weaknesses and some methods are more appropriate for certain concepts. The research methods can roughly be divided in quantitative and qualitative methods. *Quantitative* is used for data collection techniques (e.g. questionnaire) and data analysis procedures (graphs or statistics) that generates or uses numerical data. *Qualitative*, on the other hand, is used for data collection techniques (interview) and data analysis procedures (categorizing data) that generates or uses non-numerical data (Saunders et al., 2009, p. 151; Babbie, 2004, p. 26). The type of data can also be divided into primary and secondary data. *Primary* data refers to collecting 'new' data especially for the purpose of the study. This means that the data is collected by the researcher himself. *Secondary* data refers to data which have already been collected for some other purpose. This type of data is collected by others to be 're-used' by the researcher (Saunders et al., 2009, p. 256).

This thesis can be divided in several sections. The literature review has given the basis for the data that should be collected and analyzed for the several sections. These will be discussed next.

#### 1. Sales promotion strategy

In the end, practical recommendations should be given to the sales promotion strategy. These recommendations include standardization versus adaptation of the sales promotion strategy. The choice for standardization or adaptation of the strategy will depend on the differences between the Netherlands and Belgium. Therefore, the outcomes of this research are indeed the data needed for the standardization and adaptation of the strategy. Nevertheless it is important to describe the important aspects of the sales promotion strategy itself. These aspects include the following.

##### Sales promotion instruments:

- (1) *Usage of price versus non-price promotions.*
- (2) *Usage of one brand and category versus mixing brands and categories.*
- (3) *Usage of multipacks versus individual products.*
- (4) *Usage of larger size and same price versus same size and lower price.*

##### Deal intensity:

- (1) *Depth of price promotion: average depth of price promotions across sales promotion weeks.*
- (2) *Frequency of sales promotion: percentage of weeks with sales promotions.*

##### Deal support:

- (1) *Usage of features for sales promotion: weeks with features supporting the sales promotion. Features could be non-price promotions supporting price promotions such as displays, sweepstakes and premiums.*
- (2) *Media usage for sales promotion: weeks with media supporting the sales promotion. Media usage can be the support of advertisements in leaflets and use of other media such as TV, radio, magazines and internet.*

*Secondary data analysis* is used as a research method to describe the important aspects of a sales promotion strategy. There are several classifications of secondary data (documentary, survey and multiple). Documentary secondary data was the most important source in this thesis. Documentary secondary data include non-written (e.g. pictures) and written materials such as administrative and public records, reports and newspapers (Saunders et al., 2009, p. 258). Data regarding the sales promotion strategies were collected by means of analyzing previous and planned sales promotion schemes and documents provided by the organization. Another source of documentary secondary data were the Retailer X leaflets. These are divided in door-to-door magazines and papers which are available every week or two weeks. This research method is the most appropriate for this aspect as it provides already documented data which is very helpful for a descriptive purpose.

## **2. Consumer buying behavior**

This part is more additional rather than being the core of this study. Yet, not less interesting. A survey method was again used to measure the buying behavior of the same respondents of the 'cultural survey'. For the same reasons as measuring the cultural dimensions with a survey, a survey is seen as the most appropriate research method for consumer buying behavior. See above for an explanation. A questionnaire (**appendix 6**) is as well used in this section as the data collection method. Almost all the questions in the questionnaire are closed-ended except for some questions with an 'other answer' option. This makes it a quantitative questionnaire as it uses structured questions. The respondent has to choose from an answer from a list or a scale (e.g. from strongly agree to strongly disagree). The table in **appendix 7** shows all the measured consumer buying behavior variables, their related question in the questionnaire and the measurement scale. The measurement scales are roughly divided into a nominal (data in categories, without any order or structure) or ordinal (rank-ordering data) scale.

## **3. National culture**

Data for describing cultural elements of both the Netherlands will be collected by means of *desk research* (secondary analysis) which indicates the data is secondary (Saunders et al., 2009, p. 258). The cultural elements of both countries are more for background information. This is the ideal research method for this aspect as it would be very time consuming to collect all the data myself. The cultural elements to compare the Netherlands with Belgium will be operationalized by the following aspects: religion, language, social structure, shared beliefs and ethics and non-verbal language. Also data of some general aspects of a country will be collected: population, ethnic groups, GDP per capita and area.

The research method that was used to measure the cultural dimensions is a survey (Saunders et al., 2009, p. 144). According to Babbie (2004, p. 243) survey research is probably the best method to collect original data for describing a population too large to observe directly. As the Retailer X consumers in this study are a very large population, this is an appropriate method. The survey strategy allows collecting quantitative data to analyze quantitatively using statistics. A questionnaire is used as a data collection method. A questionnaire is a 'document containing questions and other types of items designed to solicit information appropriate for analysis' (Babbie, 2004, p. 244). Data of a questionnaire is standardized which makes it easy to compare (Saunders et al., 2009, p. 144). There are several methods to use the questionnaire such as mailing, e-mailing and face-to-face (interview survey). In this study a combination of asking respondents to read questionnaires and entering their own answers; and asking the questions orally was used. One reason for choosing this (rather time consuming) method is to decrease (bring to zero) the number of don't knows and 'no answers'. Another reason is to minimize confusing questionnaire items and to maximize the chance of understanding and interpreting the questions correctly. If a respondent misunderstands the intent of a question, the interviewer can help

clarifying the question (Babbie, 2004, p. 263-264). Furthermore, closed-ended questions are used in the questionnaire in order to measure the three cultural dimensions.

The operationalization of the three cultural dimensions are as follows.

The first cultural dimension to be measured is *Masculinity - Femininity*. This construct is measured by means of four values. The two values of caring and quality of life indicate femininity. Success and status on the other hand measure masculinity. The categories of question 22 in the questionnaire (see **appendix 6**) represent the importance of these values. Number 1 stands for most important whereas number 4 reflects the least important value. Rankings in the first and second place are considered as 'important' which in turn indicate masculinity or femininity.

The second cultural dimension to be measured is *Power distance*. This construct is measured by asking to what extent they respect that people (such as family members and colleagues) stand above them (see question 23, proposition I in **appendix 6**). It reflects the acceptance of inequality within a society. A 5-point Likert scale is used with the format of strongly agree - strongly disagree. The scale has an ordinal basis as there is a clear ordering of the categories. The two categories of strongly agree and agree represent a high power distance index whereas the rest represents a low power distance index.

The third cultural dimension is *Individualism – Collectivism*. This construct is measured by asking to what extent the consumer feels connected to groups such as family and friends. Again, a 5-point Likert scale is used with the format of strongly agree - strongly disagree. The two categories of strongly agree and agree represent collectivism whereas the rest represents individualism.

#### **4. Culture and consumer buying behavior**

This section is related to the hypotheses in the thesis. Hypotheses consist of an independent and dependent variable. The three measured cultural dimensions (MAS, IDV, and PDI) are used as the independent variables. Likewise, a survey method and the same questionnaire as earlier were used as the data collection method for this section. Also the same questions are used to test the hypotheses.

As a reminder, 4 hypotheses were set up. All the *independent* variables in these hypotheses are the three cultural dimensions. Furthermore, there are three different *dependent* variables (one is used twice). Every dependent variable is measured with more than one question in the questionnaire.

As *promotion proneness* is one of the most important aspects in this study, six questions of the questionnaire were appropriate to measure this variable. An item in the questionnaire is as well called promotion proneness, but the dependent variable is much broader than that. **Table 3** shows the exact measurement of this dependent variable.

Table 3. Measurement of dependent variable: promotion proneness

Dependent variable: promotion proneness	Items in questionnaire measuring the key variable:	Related question in questionnaire	Measurement scale
	Reason store choice	Question 5	Nominal
	Promotion proneness	Question 11	Nominal
	Last bought product, in promotion?	Question 12b	Nominal
	Promotion importance	Question 8	Ordinal
	Usage of leaflets	Question 18	Ordinal
	Expectations of promotion frequency	Question 21	Ordinal

The second dependent variable is the interest in non-price promotions. This variable is measured by means of two items in the questionnaire. **Table 4** shows a more detailed measurement of this dependent variable.

Table 4. Measurement of dependent variable: interest in non-price promotions

Dependent variable: interest in non-price promotions	Items in questionnaire measuring the key variable:	Related question in questionnaire	Measurement scale
	Price versus premium	Question 16 III	Nominal
	Non-price versus price promotion	Question 20	Nominal

The third dependent variable is *loyalty behavior*. This variable is as well measured by means of two items in the questionnaire. **Table 5** illustrates more specifically how this dependent variable is measured.

Table 5. Measurement of dependent variable: loyalty

Dependent variable: Loyalty	Items in questionnaire measuring the key variable:	Related question in questionnaire	Measurement scale
	Store loyalty	Question 9	Ordinal
	Brand loyalty	Question 13	Ordinal

### 3.4 Sampling

Sampling is the process of selecting units of observations. The key to generalizing from a sample to a larger population is *probability sampling*. It involves the important idea of random selection; each element has an equal chance of selection (Babbie, 2004, p. 180). As all members of the population have an equal chance of becoming a research participant, this is said to be the most efficient sampling procedure. On the other hand, *nonprobability sampling* refers to 'any technique in which samples are selected in some way not suggested by probability' (Babbie, 2004, p. 182). Furthermore, the *population* is the 'theoretically specified aggregation of study elements'. In this case, the population consists of the Dutch and Belgians. More specific, the *study population* is 'the aggregation of elements from which the sample is actually selected' (Babbie, 2004, p. 190). For this study, the study population can be described as Dutch and Belgian (Flanders) Retailer X shoppers. The theory does not make a clear distinction between consumers and shopper but in practice there is a difference worthwhile to mention. Roughly, consumers are the users and the shoppers are the buyers of the products. Shoppers are 'what consumers become when they enter the store environment' (Crouch and Grant, 2010). There are a lot more consumers than shoppers. The majority of households have one main shopper and four main consumers. In some cases, shoppers are shopping for themselves and in some they are fulfilling the needs of others. 100% of shopping decisions are made by 25% of the consumers (Smartrevenue, 2010).

Probability sampling was used to select the sample. More specifically, *simple random sampling* was done. This sampling method is conducted where each member of a population has an equal opportunity to become part of the sample (Babbie, 2004, p. 201). A sample from the study population was made by means of standing in front of Retailer X stores and asking any shopper to participate the survey. This was done to maximize the chance of selecting actual Retailer X shoppers. Three cities per country and per country one shopping center were selected to create a bit of dispersion and to increase representativeness. For the Netherlands the cities Enschede (medium sized city), Amsterdam (big city) Muiden (shopping center) joined the survey. The Belgian (Flanders) respondents were found in Antwerpen (big city), Mechelen (medium sized city) and Wijnegem (shopping center). The survey was in both countries conducted during weekdays. 75 respondents in Belgium and 75 respondents in the Netherlands filled in a questionnaire. A large part of the Retailer X shoppers in both countries (study population) consists of women. This is also represented in the sample. When looking at age, all the age categories are being represented sufficiently in the total sample. It is important to note that a huge part of the respondents in Belgium (42.7% versus 9.3% in the Netherlands) are in the lowest age category. On the other hand, one third of the Dutch respondents are found in the middle category of age (versus only 15% in Belgium). In general, in both countries the lowest and middle age categories are most present.

### 3.5 Methods of analysis

The most important research method used was the survey and the questionnaire as its data collection method. After gathering all the completed questionnaires from the respondents, total responses for each item were obtained and tabulated. A large part of the questionnaire is additional which does not have a direct connection to the hypotheses. The other part that is connected to the hypotheses needs further explanation regarding their analysis. There are four hypotheses formulated. Two of them are involved with the same dependent variable. Section 3.3 elaborated in detail how the variables in the hypotheses are measured. The scales of the data were also mentioned. To start with, a codebook was prepared for all the gathered data from the questionnaire. Next, the tests that were used for every formulated hypothesis will be mentioned. For choosing a certain statistical technique it is important to determine the kind of analysis that is needed. In this thesis two samples are compared; the Dutch sample with the Belgian sample. This means that this is an analysis which tests the differences between

two groups. The Dutch sample is also independent of the Belgian sample. By mentioning the previous, there only remain a few tests to choose from. An independent-sample T-test could be used when testing the differences between two independent groups. However, this is not appropriate for the data gathered in this thesis. As the distribution of the variables is not normal but non-parametric an independent-samples T-test is inappropriate. Non-parametric techniques are excellent for use when data is measured on nominal (categorical) and ordinal (ranked) scales (Pallant, 2007, p. 210). The nominal and ordinal scales both need a different test. The *Chi-square test* is most appropriate for the nominal variables (Pallant, 2007, p. 214). A significance level ( $\alpha$ ) of 0.05 was used for this test which resembles a 'normal' significance. While Chi-square shows statistical significance of the differences, it does not give much information about the strength (degree and direction) of the relationship. When the difference between the two groups is significant, the direction of this difference (which group is higher) should also be described. The percentages in the crosstabs can show this direction. The effect size (degree) of the relationship can be shown by means of the *Phi Coefficient* (for 2 by 2 tables), which is a correlation coefficient and can range from 0 to 1. For tables larger than 2 by 2, *Cramer's V* will be reported, which takes into account the degrees of freedom. Higher values indicate a stronger association between the two variables. Cohen's (1998) criteria were used: .1 = small effect, .3 = medium effect, .5 is large effect (Pallant, 2007, p. 216-217). The hypotheses also contain ordinal variables which have the need for a *Mann-Whitney* test (Pallant, 2007, p. 220). Also for this test a significance level ( $\alpha$ ) of 0.05 was used. The direct of the relationship was shown by the Mean Rank. The effect size of the relationship can be shown by means of the value of *r*. Again, Cohen's (1998) criteria were used: .01 = small effect, .3 = medium effect, .5 = large effect.

### 3.6 Validity and reliability

This section will evaluate the credibility of the research findings. As the questionnaire is the most important data collection method (survey as the research method) used in this study, this will be evaluated here. Reliability and validity are two considerations to help judging the measurements. Survey research is in general weak on validity and strong on reliability (Babbie, 2004, p. 275). *Reliability* refers to 'the extent to which the data collection techniques or analysis procedures will yield consistent findings' (Saunders et al, 2009, p. 156). A questionnaire presents all the subjects with a high degree of structure and standardization which increases reliability in observations. Both the questions and answers cannot be interpreted wrongly as they are fixed. In order to increase the reliability of the measurements for the hypotheses, a *split-half method* was implemented. This means that more than one measurement of the concept was made (Babbie, 2004, p. 143). As stated earlier, six questions were used to measure promotion proneness. Also, two questions were set up to measure loyalty and interest in non-price promotions. A threat to reliability can be '*subject or participant bias*' which for example refers to giving answers in a socially desirable manner (Saunders et al, 2009, p. 156). In this study, the anonymity of the respondents is ensured to minimize this threat. Another threat to reliability is called '*subject or participant error*' which reflects that questionnaires completed at different moments may generate different results (Saunders et al, 2009, p. 156). For this study, measuring for example promotion proneness and interest in non-price promotions, a possible 'subject or participant error' could be that respondents may have different ideas about them before and after visiting the Retailer X store. Therefore, almost half of the respondents were questioned before and the other half after visiting the Retailer X store. *Validity* refers to 'the extent to which an empirical measure adequately reflects the real meaning of the concept' (Babbie, 2004, p. 143). Babbie (2004, p. 275) states that in comparison with field research the format of a survey is quite artificial and therefore puts a strain on validity. In general, people's opinions seldom take the form of strongly agreeing- strongly disagreeing. Therefore, it is

important to note that such survey responses must be regarded as approximate indicators (Babbie, 2004, p. 275). Another example of a poor validity aspect is the measurement of 'power distance'. It is possible that the asked question did not correctly measure power distance as it was meant. Furthermore, in order to increase validity a pilot test was set up. A *pilot test* refines the questionnaire so that respondents will have no problems in answering the questions (Saunders et al., 2009, p. 156). Prior to using the questionnaire it was tested to six respondents (three from the Netherlands and three from Belgium). These respondents as well as their answers were not part of the actual study process and were only used for testing purposes. After the questions have been answered, the respondents were asked for any suggestions or any necessary corrections to ensure further improvement and validity of the instrument. The questionnaire was revised based on the suggestions of the respondents. Finally, the actual questionnaires were filled in by the respondent together with the researcher to minimize misunderstandings and to be sure that every question is filled in.

# Chapter 4. Findings

## 4.1 Introduction

This chapter will describe all the results that were derived from the several research methods described in chapter 3. First of all a description of the current sales promotion strategy is given. Next the cultural elements of both the Netherlands and Belgium are represented in a table for background information. Furthermore the total sample that was used for the survey is described. Then all the buying behavior elements in both countries are compared. Finally, the results of all the tests regarding the hypotheses are presented.

## 4.2 Current sales promotion strategy

Prior to recommending an appropriate sales promotion strategy it is necessary to describe the current sales promotion strategy. The current strategy reflects the already used strategy in 2012 as well as the plans for 2013. On the basis of a few elements, which were identified earlier, Company X's approach for both Retailer X Netherlands and Belgium will be briefly discussed.

### *Sales promotion instruments*

- (1) *Usage of price versus non-price promotions*
- (2) *Usage of one brand and category versus mixing brands and categories*
- (3) *Usage of multipacks versus individual products*
- (4) *Usage of larger size and same price versus same size and lower price*

### *Deal intensity*

- (1) *Depth of price promotion*
- (2) *Frequency of sales promotion*

### *Deal support*

- (1) *Usage of features for sales promotion*
- (2) *Media usage for sales promotion*



### 4.3 Cultural elements in the Netherlands and Belgium

**Table 6** presents the cultural elements of the Netherlands and Belgium. Also a few important basic, non-cultural- elements of the two nations are given.

*Table 6. Cultural elements of the Netherlands and Belgium (World Factbook, 2012; Kwintessential, 2012; Countries and their cultures, 2012; and Ediplomat, 2012).*

<i>Cultural elements</i>	<u>Netherlands</u>	<u>Belgium</u>
<b>Religion</b>	<ul style="list-style-type: none"> <li>-Roman Catholic 30%</li> <li>-Protestant 20%</li> <li>-Dutch Reformed 11%</li> <li>-Calvinist 6%</li> <li>-Other Protestant 3%</li> <li>-Muslim 5.8%</li> <li>-Other 2.2%</li> <li>-None 42%</li> </ul>	<ul style="list-style-type: none"> <li>-Roman Catholic 75%</li> <li>-Other (includes Protestant) 25%</li> </ul>
<b>Language</b>	<ul style="list-style-type: none"> <li>-Dutch (official)</li> <li>-Frisian (official)</li> </ul>	<ul style="list-style-type: none"> <li>-Dutch (official) 60%</li> <li>-French (official) 40%</li> <li>-German (official) &lt; 1%</li> <li>-The Dutch-speaking Flemings live in Flanders and make up 55% of the population.</li> <li>-The French-speaking Walloons live in Wallonia and make up 33% of the population</li> </ul>
<b>Social structure</b>	<ul style="list-style-type: none"> <li>-Differences in wealth are relatively small because of progressive taxation and the redistribution of fiscal funds to the unemployed and occupationally inactive.</li> <li>-Women constitute only 38 percent of the labor force and often work part-time.</li> <li>-Many Dutch women see the struggle for equal opportunities in the working life.</li> </ul>	<ul style="list-style-type: none"> <li>-Belgians make little distinction between classes or social layers.</li> <li>-Belgium has the lowest percentage of poor people in the world.</li> <li>-The occupational gender gap is decreasing. The higher occupational rate of women is due to an increase in part-time jobs in services.</li> <li>-The wage differentials between men and woman are the lowest in the</li> </ul>

		European Union.
<b>Shared beliefs and ethics</b>	-Egalitarianism -Individuality -Consensus -Privacy	-Egalitarianism -Family-centered -Appearance importance -Hard working
<b>Non-verbal language</b>	-The Dutch are reserved and don't display anger or extreme exuberance.  -The Dutch value privacy and seldom speak to strangers.  -The Dutch expect eye contact while speaking with someone.	-Belgians consider it impolite to put your hands in your pockets, yawn or scratch in public.  -Feet should never be put on chairs or tables.  -Back slapping is considered offensive.
<b>Population (extra element)</b>	16,730,632 (July 2011)	10,438,353 (July 2011)
<b>Ethnic groups (extra element)</b>	-Dutch 80.7% -EU 5% -Indonesian 2.4% -Turkish 2.2% -Surinamese 2% -Moroccan 2% -Caribbean 0.8% -Other 4.8% (2008)	-Fleming 58% -Walloon 31% -Mixed or other 11% (2008)
<b>GDP - Per capita (PPP) (extra element)</b>	\$42,300 (2011)	\$37,600 (2011)
<b>Area (extra element)</b>	41,543 sq km	30,528 sq km

#### 4.4 Descriptives total sample

For the initial analysis, a dataset with a sample size of 150 respondents was used, divided by the two countries of the Netherlands and Belgium. Both countries have 75 respondents which makes the groups equal. This was a deliberate choice in order to compare the both countries. Furthermore, the vast majority of the total sample, also for the specific countries, consists of women (88,7%). Not a surprising answer as shopping and doing groceries are mostly done by women. Though, in feminine countries (such as the Netherlands) it is more accepted that men do the groceries. The result could mean that in general, most of the Retailer X visitors are women. However, it could also be explained by other factors. Moreover, all the age categories are being represented sufficiently in the total sample. It is important to note that a huge part of the respondents in Belgium (42.7% versus 9.3% in the Netherlands) are in the lowest age category. On the other hand, one third of the Dutch respondents are found in the middle category of age (versus only 15% in Belgium). Also, the vast majority of the total sample, in both countries as well, has lived his or her whole life in the specific country (88%). This outcome is desirable because the study examines culture and consumer behavior of specific countries. The remaining respondents which do not live their whole life in the country are still being used because it's a small percentage and would not change the results enormously. Another reason is because for Company X,

the comparison of the consumers in both countries is relevant, not based on how long the consumers live in the country. Almost half of all the respondents live in a family with children. One third is represented by respondents who live with a partner and the singles are the least common respondents. The singles are twice as much as represented in the Belgian sample compared to the Dutch. This is possibly due to the large number of 'young' respondents in Belgium. Finally, about half of the sample consists of people who filled in the questionnaire before visiting the Retailer X store and the other half answered the questions after visiting the store.

#### 4.5 Comparison Belgium versus Netherlands: buying behavior

Several aspects of buying behavior are measured and will be discussed in this section. The findings of both countries will be compared. The table in **appendix 8** shows an overview of all these results.

##### *Reason for store choice*

In the Netherlands, the most frequently mentioned reasons for choosing Retailer X are respectively promotions, cheap, product range and the accessibility of the retailer. On the other hand, friendliness, good service and the clearness of the store are mentioned to a lesser extent. Belgium consumers put the reason 'cheap' far above the rest, with almost three quarters of the respondents. Also important are respectively promotions, product range and accessibility. The clearness, the good service and the friendliness of the store are not frequently mentioned. When comparing these results of the two countries, we can say that there are no large differences between reasons for choosing Retailer X. However, it is notable that Belgium clearly chooses the retailer for being cheap as the most important reason. The Netherlands puts promotions first but being cheap is a close second.

##### *Shopping for others*

The Netherlands and Belgium nearly score the same on shopping for others at the Retailer X. Both have a very high percentage (80% for the Netherlands and 79% for Belgium). This means that a large part of the respondents in both countries does not only buy the products for themselves but also for others. It is not so surprising as most of the asked visitors live with other people. For example, a mother in the family usually buys for the children and the partner as well. This result also implies that a large part of the consumers is not the actual shopper (buyer) of the products.

##### *Important buying criteria*

Dutch consumers rank the buying criteria at Retailer X respectively as following: price, promotion, brand, size and package. The Belgian respondents show this sequence of criteria: price, promotion, size, brand and package. The first thing to be noticed is the difference in the third and fourth rankings. Brands are relatively more important as a buying criterion for the Netherlands (69%) than for Belgium (56%). Then again, size is more important when buying products for the Belgian respondents (64%) compared to the Dutch (53%). Also, in the Netherlands the difference between price and promotion is not that large. Belgium, on the other hand, shows a bigger difference which indicates that promotion is to a greater extent important for the Dutch than for the Belgian consumers.

##### *Loyalty*

Loyalty was divided in store and brand loyalty. First, store loyalty: the Dutch are relatively more frequent visitors (71%) of the Retailer X stores compared to Belgian consumers (61%). In both countries, the category 'weekly' was the most given answers (slightly more than half of the respondents in both countries). Visiting the Retailer X 'monthly' was the second most frequent answer. When looking at

brand loyalty almost three-quarter of the Dutch respondents always buys the same brands, compared to nearly half of the Belgians. The other half in Belgium mostly indicated 'sometimes' being brand loyal.

#### *Comparison to other retailers*

The chart in **appendix 9** shows a clear view of other retailers (types) the Retailer X visitors buy comparable products. To buy comparable products in the Netherlands, most of the Retailer X consumers visit a combination of (an) other supermarket(s) and drug store(s) (39%). Retailer X visitors in Belgium mainly go to a supermarket to buy such products (39%). The second most frequently given answer is a supermarket in the Netherlands (24%) versus multiple supermarkets in Belgium (27%). Also, almost a quarter of all the Belgian respondents indicated the combination of (an) other supermarket(s) and drugstores/ pharmacies. It is outstanding in these results that in Belgium the drugstore and pharmacies are less often seen as competitors of Retailer X compared to the drugstores in the Netherlands. Instead, supermarkets are mainly visited by the Belgian Retailer X consumers. This result probably relates to the small amount of drug stores in Belgium.

When the respondents had to compare Retailer X to the other retailers on several aspects, it shows us the following. For the *organization of the store*, more than one third of the Dutch consumers rated Retailer X better than other retailers versus almost half of the Belgian consumers rating Retailer X better than others. On *assortment* the vast majority in both countries gave Retailer X a better score compared to competitors. Retailer X's *customer service* was relatively better rated in the Netherlands than in Belgium. 61% of the Dutch respondents found the customer service better compared to 48% in Belgium. Finally, the vast majority rated the price-quality ratio of Retailer X as better than others in both of the countries (86% vs. 96%).

#### *Promotion proneness*

In the Netherlands, the majority of the respondents (41%), but still less than half, indicated that they buy the products at Retailer X only promotions. In Belgium half as much respondents suggested to only buy in promotions at Retailer X (21%). On the other hand, the majority (65%) in Belgium says that they do not specifically buy in promotion at Retailer X.

#### *Impulsive buying*

The vast majority of the respondents in both countries indicated that their last bought product was a planned purchase. Generally, in the Netherlands the vast majority decides what to buy before visiting the store. Nearly half of the Belgians make the buying decision before visiting the Retailer X.

#### *Stockpiling*

In both countries approximately half of the respondents states that they sometimes stockpile. The second most given answer was 'always' in the Netherlands (a third) and 'never' (a quarter) in Belgium.

#### *Preference for promotion types*

The first opposite promotion types are the preference for '*one brand vs. mixing brands and categories*'. In both the Netherlands and Belgium the majority of the respondents preferred mixing. Furthermore, the preference for '*multipacks vs. individual products*' was measured. Most of the respondents in both countries chose individual products. Next, the distinction '*price promotion vs. premium*' will be discussed. Almost all of the respondents prefer a price promotion over a premium. Furthermore, the Netherlands and Belgium both have the exact same distribution of preferences regarding a '*50% off on 1 product vs. 1+1 free promotion*'. The 50% off promotion is slightly more preferred (53%). The last promotion types to choose from are the '*larger size, same price vs. same size, lower price*'. Again, both

countries have quite the same results. The majority of the Dutch and Belgian Retailer X consumers choose for a promotion with the same size and a lower price.

#### *Usage of media for Retailer X promotions*

The majority of the Retailer X consumers in the Netherlands stated that they use a combination of the Retailer X leaflets and other media to stay informed about the sales promotions. Also, a large part of those respondents chose the option of only using the leaflets. The majority (slightly over half) in Belgium indicated that leaflets are the most used medium. Furthermore, a substantial part (nearly one third) of the Belgians as well uses other media next to leaflets.

#### *Usage of (two) weekly Retailer X leaflets*

When focusing on the leaflets as a medium, the following results can be seen. Both countries score high on the option of 'always' looking into the Retailer X leaflets. However, the Netherlands scores considerably higher than Belgium. Also, one third of the Belgians chose the option of 'sometimes' using the leaflets. Furthermore it is notable that a reasonably large part in the Netherlands 'never' looks into them.

#### *Important aspects of Retailer X promo advertisement*

Five aspects of promotion advertisement will be discussed. In both countries, the *price* element is by far the most important element. The second most important aspect in the Netherlands is the *picture* and in the Belgium is the promotion *mechanism*. In third place, Dutch respondents put the promotion *mechanism* whereas Belgians rank the *picture* thirdly. The second last in this row is the *brands* aspect for both countries. The least important aspect in both countries, but still more than half of all the respondents qualify as important, is the *text* of the advertisement. What is notable here is that Dutch Retailer X consumers value the pictorial element of an advertisement more than the Belgian consumers.

#### *Interest in non-price promotions*

The non-price promotion in which the respondents of both countries are by far most interested in is *sampling* (approximately one third). The option of rather preferring a *price-promotion* over a non-price promotion comes in second place (also in both countries). It is notable that more Dutch consumers choose for this option than the Belgians. In the Netherlands *displays* are in third place. This also counts for Belgium; however this place is shared with *premiums*. Furthermore, a *loyalty program* in the Netherlands is ranked fourth place. To continue, the interest in non-price promotions in the Netherlands is as following; respectively *gift sets*, *premiums* and *sweepstakes*. This ranking in Belgium continues as follows: *gift sets*, *loyalty programs* and *sweepstakes*. It is notable that premiums are slightly more popular in Belgium than in the Netherlands.

#### *Expectation of promotion frequency at Retailer X*

The majority in both countries expects a sales promotion every *month*, but the percentage in the Netherlands is higher. The second most given answer, again in both countries, is every *quarter*. The third most popular expectation is every *two weeks*. It is notable that the Belgian percentage is considerably higher than the Dutch percentage.

#### *Comparison cultural dimensions Netherlands versus Belgium to Hofstede*

Next to all the consumer buying behavior aspects, culture was measured. **Table 7** shows the results of the measured cultural dimensions. Moreover, **appendix 10** gives a division of the cultural groups in the sample. When comparing these to the index scores of Hofstede (see paragraph 2.5) the following can be concluded. The results of the sample indicate that both of the countries are quite feminine. Hofstede's measures state that Belgium is more masculine than the Netherlands. This is not reflected in the sample. Furthermore, the results of the sample show that Belgium has a higher power index than the Netherlands. This is also indicated by Hofstede. The last cultural dimension of individualism-collectivism measured in the sample presents that both countries are collectivistic; this as opposed to Hofstede as he proposes both the Netherlands and Belgium being individualistic.

Table 7. Masculinity-Femininity, Power distance index and Individualism-Collectivism

	Netherlands	Belgium
<b>MAS</b>		
<i>MAS</i> Succes	Important (17%)	Important (22%)
<i>MAS</i> Status	Important (0%)	Important (9%)
<i>MAS</i> Quality of life	Important (97%)	Important (88%)
<i>MAS</i> Caring	Important (85%)	Important (81%)
<b>PDI</b>	(Strongly) agree (60%)	(Strongly) agree (81%)
<b>IDV</b>	(Strongly) agree (75%)	(Strongly) agree (81%)

## 4.6 Hypotheses

This paragraph will discuss the results of the hypotheses that were tested. Each of the four hypotheses was measured by means of several items (six or two items). The results are given per hypothesis

H1: Countries with a higher score on femininity are more likely to have promotion prone consumers compared to more masculine countries.

*Chi-square tests for nominal variables*

### 1. Reason for store choice: promotions

For hypothesis 1, first of all, the relationship between *femininity-masculinity* and *promotions as a reason for the store choice* was tested. As the dependent variable in this case is nominal a Chi-square test was used. **Appendix 11** gives an overview of the output of this test (cross tabs, Chi-Square test and symmetric measure). The first thing to be checked here is whether the assumption of 'minimum expected cell frequency' which should be 5 or greater, is not violated. In this case, the assumption is not violated as all the expected cell sizes are greater than 5 (greater than 13.23). Furthermore, the Yates' Correction for Continuity value is 1.76 (rounded). This value is used as each variable has only two categories. The associated significance level is .19 which is not smaller than or equal to the alpha of .05. It can be concluded that the result is not significant. In general, if the association is not significant then whatever 'strength' of association is found can be attributed to sampling error. However, despite of the p value is above .05, the measure of association (in this case Phi coefficient) is worthwhile to mention. A small sample size can result in Chi Square not showing significance when the association is actually significant (i.e., Chi Square indicates no association when, in fact, one exists). Therefore, when a large measure of association (e.g., large Phi Coefficient or Cramer's V) is found with a small sample, the large

association should not be ignored. The effect size of the relationship can be shown by means of the Phi coefficient. The Phi coefficient in this case is .13, which can be considered as a small effect size.

A Chi-square test for independence (with Yates' Continuity Correction) indicated no significant association between masculinity-femininity and promotion as reason for store choice,  $\chi^2 (1, n = 150) = 1.76, p = .19, \text{phi} = .13$

## **2. Promotion proneness**

The second item to be tested for hypothesis 1 is called *promotion proneness*. As this dependent variable in this case is nominal a Chi-square test was used. Appendix 11 gives an overview of the output of this test (cross tabs, Chi-Square test and symmetric measure). In this case, the assumption of 'minimum expected cell frequency' is not violated as all the expected cell sizes are greater than 5 (greater than 6.19). In addition, the Pearson Chi-Square value is 3.65 (rounded). The associated significance level is .161 which is not smaller than the alpha of .05. Therefore the result is not significant. The effect size of the relationship can be shown by means of the Cramer's V (for tables larger than 2 by 2). The Cramer's V coefficient in this case is .16, which can be considered as a small to medium effect.

A Chi-square test for independence indicated no significant association between masculinity-femininity and promotion proneness,  $\chi^2 (2, n = 150) = 3.65, p = .16, \text{Cramer's } V = .16$

## **3. Last bought product, in promotion?**

The third item for the first hypothesis involves *masculinity-femininity* and if the *last bought product was in promotion*. Again, as the dependent variable in this case is nominal a Chi-square test was used. **Appendix 11** gives an overview of the output of this test (cross tab, Chi-Square test and symmetric measures). Unfortunately, in this case the assumption of 'minimum expected cell frequency' may be violated as all the expected cell sizes are not greater than 5 (2.77). However, more than 80% of cells do have expected frequencies of 5 or more (83.3%). Therefore, the assumption of Chi-square concerning the 'minimum expected cell frequency' is nonetheless not violated. Furthermore, the Pearson Chi-Square value is 5.73 (rounded). The associated significance level is .057 which is not smaller than the alpha of .05. Therefore the result is not significant. The Cramer's V coefficient in this case is .2, which can be considered as a small to medium effect size.

A Chi-square test for independence indicated no significant association between masculinity-femininity and last bought product in promotion,  $\chi^2 (2, n = 150) = 5.73, p = .06, \text{Cramer's } V = .2$

#### **4. Promotion importance**

The fourth item used for hypothesis 1 relates *masculinity-femininity* with *promotion importance*.

The output of the Mann-Whitney test are given in **appendix 11** (ranks, test statistics and medians). The Z-value is -2.49 (rounded) with a significance level of  $p = 0.01$  (rounded). The probability value ( $p$ ) is less than 0.05, so the result is significant. As the difference between the two groups is significant, the direction of this difference (which group is higher) should also be described. The Mean Rank shows that the feminine group has a higher value than masculine group which means that the feminine group significantly values promotion importance more than the other. Unfortunately, the median values cannot reinforce this outcome as both the masculine and the feminine group have the same median value (4). Furthermore, the effect size of the relationship can be shown by means of the value of  $r$ . The  $r$  in this case is 0.2 which can be considered as a small to medium effect size.

A Mann-Whitney  $U$  test revealed a significant difference in promotion importance levels of masculine people ( $Md = 4, n = 75$ ) and feminine people ( $Md = 4, n = 75$ ),  $U = 1387, z = -2.49, p = .01, r = .2$

#### **5. Usage of leaflets**

The fifth item of hypothesis 1 involves *masculinity-femininity* and the *usage of leaflets*. Again, the output of this Mann-Whitney test is to be found in **appendix 11**. The Z-value is -.82 (rounded) with a significance level of  $p = 0.41$  (rounded). The probability value ( $p$ ) is not less than or equal to 0.05, so the result is not significant. In addition, the  $r$  in this case is 0.07 which is a small effect size.

A Mann-Whitney  $U$  test revealed no significant difference in the usage of leaflets levels of masculine and feminine people,  $U = 1735, z = -.82, p = .41, r = .07$

#### **6. Expectations of promotion frequency**

For hypothesis 1, the last item is related to *masculinity-femininity* and the *expectations of promotion frequency* (see appendix X for the output of this Mann-Whitney test). The Z-value is -.49 (rounded) with a significance level of  $p = 0.63$  (rounded). As the probability value ( $p$ ) is not less than or equal to 0.05, the result is not significant. Furthermore, the  $r$  is 0.04 which is a small effect size.

A Mann-Whitney  $U$  test revealed no significant difference in the expectations of promotion frequency levels of masculine and feminine people,  $U = 1793, z = -.49, p = .63, r = .04$



H2: Countries with a lower score on power distance are more likely to have promotion prone consumers compared to higher power distance countries.

### *Chi-square tests for nominal variables*

#### 1. Reason for store choice: promotions

Also for hypothesis 2, the same six dependent variables are addressed. First of all, the relationship between *power distance* and *promotions as a reason for the store choice* was tested. As the dependent variable in this case is nominal a Chi-square test was used. **Appendix 11** gives an overview of the output of this test (cross tabs, Chi-Square test and symmetric measure). The first thing to be checked here is whether the assumption of 'minimum expected cell frequency' which should be 5 or greater, is not violated. In this case, the assumption is not violated as all the expected cell sizes are greater than 5 (greater than 18.19). Furthermore, the Yates' Correction for Continuity value is 1.76 (rounded). The associated significance level is .23 which is not smaller than or equal to the alpha of .05. We can conclude that the result is not significant. In addition, the effect size of the relationship is shown by the Phi Coefficient. This value is .11 which can be considered as a small effect size.

A Chi-square test for independence (with Yates' Continuity Correction) indicated no significant association between masculinity-femininity and promotion as reason for store choice,  $\chi^2 (1, n = 150) = 1.46, p = .23, \text{phi} = .11$

#### 2. Promotion proneness

Again for the second hypothesis *promotion proneness* is tested, this time related to *power distance*. An overview of the output can be found in **appendix 11**. The assumption of 'minimum expected cell frequency' is not violated as all the expected cell sizes are greater than 5 (greater than 8.51). In addition, the Pearson Chi-Square value is 4.24 (rounded). The significance level here is .12 which is not smaller than the alpha of .05. Thus the relationship is not significant. In addition, the Cramer's V in this case is .17, which is a small to medium effect size.

A Chi-square test for independence indicated no significant association between power distance and promotion proneness,  $\chi^2 (2, n = 150) = 4.24, p = .12, \text{Cramer's V} = .17$

#### 3. Last bought product, in promotion?

Also the third item of the first hypothesis is tested in hypothesis 2. It involves *power distance* and if the *last bought product was in promotion*. The output of this Chi-square test is to be found in **appendix 11**. Unfortunately, in this case the assumption of 'minimum expected cell frequency' may be violated as all the expected cell sizes are not greater than 5 (3.81). However, more than 80% of cells do have expected frequencies of 5 or more (83.3%). Therefore, the assumption of Chi-square concerning the 'minimum expected cell frequency' is nonetheless not violated. In addition, the Pearson Chi-Square value is 1.45

(rounded). The associated significance level is .49 which is not smaller than the alpha of .05. We can conclude that the association is not significant. The Cramer's V coefficient is .1, which can be considered as a small to medium effect size.

A Chi-square test for independence indicated no significant association between masculinity-femininity and last bought product in promotion,  $\chi^2(2, n = 150) = 1.45, p = .49, \text{Cramer's } V = .1$

#### *Mann-Whitney tests for ordinal variables*

#### **4. Promotion importance**

The fourth item for hypothesis 2 is involved with *promotion importance* and *power distance*. **Appendix 11** gives an overview of the output (ranks and test statistics). The Z-value is -.92 (rounded) with a significance level of  $p = 0.36$  (rounded). The probability value ( $p$ ) is not less than or equal to 0.05, so the result is not significant. In addition, the  $r$  in this case is 0.08 which is a small effect size.

A Mann-Whitney  $U$  test revealed a significant difference in promotion importance levels of high power distance people and low power distance people,  $U = 2127, z = -.92, p = .36, r = .08$

#### **5. Usage of leaflets**

The fifth item of hypothesis 2 relates *power distance* and the *usage of leaflets*. Again, the output of this Mann-Whitney test is to be found in **appendix 11**. The Z-value is -.38 (rounded) with a significance level of  $p = .97$  (rounded). The probability value ( $p$ ) is not less than or equal to 0.05, so the result is not significant. Furthermore, the  $r$  in this case is 0.03 which is a small effect size.

A Mann-Whitney  $U$  test revealed no significant difference in the usage of leaflets levels of high power distance people and low power distance people,  $U = 2324, z = -.38, p = .97, r = .03$

#### **6. Expectations of promotion frequency**

For hypothesis 2, the last item is related to *power distance* and the *expectations of promotion frequency* (see **appendix 11** for the output of this Mann-Whitney test). The Z-value is -.63 (rounded) with a significance level of  $p = 0.53$  (rounded). As the probability value ( $p$ ) is not less than or equal to 0.05, the result is not significant. Furthermore, the  $r$  is 0.05 which is a small effect size.

A Mann-Whitney  $U$  test revealed no significant difference in the expectations of high power distance people and low power distance people,  $U = 2196, z = -.53, p = .53, r = .05$

H3: Countries with a higher score on power distance are more likely to be interested in non-price promotions compared to lower power distance countries.

*Chi-square tests for nominal variables*

**1. Price versus premium**

Hypothesis 3 is tested by means of two different items which both have nominal variables. Therefore only Chi-square tests are appropriate here. The first item relates *power distance* to the preference for *price of premium promotions*. In **appendix 11** the output of this test can be seen as well. Unfortunately, in this case the assumption of 'minimum expected cell frequency' may be violated as all the expected cell sizes are not greater than 5 (4.11). Also less than 80% of cells have expected frequencies of 5 or more (75%). It means that the assumption of Chi-square concerning the 'minimum expected cell frequency' is violated. Therefore this test will not be used for hypothesis 3.

**2. Non-price versus price promotion**

The second item used to test the third hypothesis relates power distance to the preference for *non-price versus price promotions*. **Appendix 11** gives an overview of the Chi-square test. The assumption of 'minimum expected cell frequency' is not violated here as all the expected cell sizes are greater than 5 (greater than 13.79). In addition, the Yates' Correction for Continuity value is .01 (rounded). The associated significance level is .91 which is not smaller than or equal to the alpha of .05. We can conclude that the result is not significant. Also, the Phi Coefficient value here is .03 which can be considered as a small effect size.

A Chi-square test for independence (with Yates' Continuity Correction) indicated no significant association between power distance and preference for non-price versus price promotions,  $\chi^2 (1, n = 150) = .01, p = .91, \text{phi} = .03$

H4: Countries with a higher score on collectivism are more likely to be loyal to brands and stores compared to more individualistic countries

*Mann-Whitney tests for ordinal variables*

**1. Store loyalty**

For hypothesis 4 two items were used. The first one relates *collectivism-individualism* to *store loyalty*. **Appendix 11** shows an overview of the output. The Z-value is -.49 (rounded) with a significance level of  $p = 0.63$  (rounded). As the probability value ( $p$ ) is not less than or equal to 0.05, the result is not significant. Furthermore, the  $r$  is 0.04 which is a small effect size.

A Mann-Whitney  $U$  test revealed no significant difference in the expectations of high power distance people and low power distance people,  $U = 1497$ ,  $z = -.49$ ,  $p = .63$ ,  $r = .04$

## 2. Brand loyalty

The second item used for hypothesis 2 relates *individualism-collectivism* to *brand loyalty*. Again, see **appendix 11** for an overview of the output (ranks, test statistics and medians). The Z-value is -2.23 (rounded) with a significance level of  $p = .02$  (rounded). The probability value ( $p$ ) is less than 0.05, so the result is significant. As the difference between the two groups is significant, the direction of this difference (which group is higher) should also be described. The Mean Rank shows that the collectivistic group has a higher value than the individualistic group which means that the collectivistic group significantly is more brand loyal than the individualistic group. The median values reinforce this outcome as the collectivistic median value is higher (3) than the individualistic value (2). Furthermore, the effect size of the relationship can be shown by means of the value of  $r$ . The  $r$  is .19 which can be considered as a small to medium effect size.

A Mann-Whitney  $U$  test revealed a significant difference in brand loyalty levels of collectivistic people ( $Md = 3$ ,  $n = 75$ ) and individualistic people ( $Md = 2$ ,  $n = 75$ ),  $U = 1497$ ,  $z = -2.23$ ,  $p = .02$ ,  $r = .19$

# Chapter 5. Conclusions & Recommendations

First, this chapter involves the conclusions. These are divided in the comparison of the consumer buying behavior in the Netherlands and Belgium and the conclusions derived from the tests (for the hypotheses). This chapter also discusses the recommendations for the Retailer X sales promotion strategy.

## 5.1 Comparison buying behavior Belgium and the Netherlands

The conclusions of the comparison regarding buying behavior between the Netherlands and Belgium will be discussed in this paragraph. First, some general buying behavior aspects regarding Retailer X will be addressed.

*-Reason for store choice:* there are no large differences between reasons for choosing Retailer X. Promotions (most important in NL), cheap (most important in BE), product range and the accessibility of the retailer are the most important reasons for both of the countries.

*-Shopping for others:* in both countries the vast majority of the Retailer X consumers do not only buy the products for themselves but also for others.

*-Important buying criteria:* in both countries price and promotion are the two most important buying criteria and the package the least important when buying at Retailer X. Also worthwhile to mention is that promotion is to a greater extent important for the Dutch than for the Belgian consumers. Furthermore, brands are more important in the Netherlands than in Belgium. Product size is more important in Belgium than in the Netherlands.

*-Comparison to other retailers:* in Belgium supermarkets are mainly seen as competitors of Retailer X; whereas drugstores (and pharmacies) to a lesser extent. The Dutch Retailer X consumers mostly visit a combination of (an) other supermarket(s) and drug store(s). The *organization of the store* is considered better in Belgium than in the Netherlands (both countries scored quite low). On *assortment and price-quality* ratio the vast majority in both countries gave Retailer X a better score compared to competitors. Retailer X's *customer service* was relatively better rated in the Netherlands than in Belgium.

Next to these general buying behavior aspects, more important buying behavior aspects will be discussed.

*-Impulsive buying:* the vast majority of the respondents in both countries indicated that their last bought product was a planned purchase. Generally, more consumers in the Netherlands than in Belgium decide what to buy before visiting the store.

*-Loyalty:* the Dutch are (a little) more store loyal to Retailer X than the Belgians. In both countries, the category 'weekly' was the most given answer. The Dutch are as well more brand loyal when buying products, compared to the Belgians.

*-Stockpiling:* in both countries no extremes are indicated. However the Dutch tend to more frequently stockpile than Belgian consumers.

Finally, some buying behavior elements which directly are related to sales promotions will be addressed next.

*-Promotion proneness:* relatively more consumers in the Netherlands (the majority) than in Belgium indicate that they buy the products at Retailer X only in promotions.

*-Usage of media for Retailer X promotions:* in the Netherlands most of the consumers use leaflets only or a combination of the Retailer X leaflets and other media to stay informed about the sales promotions. Most of the consumers in Belgium indicated that leaflets are the most used medium. Other media is used to a lesser extent. In both countries most of the consumers always look at the Retailer X leaflets. Still, Dutch consumers make more frequently use of the Retailer X leaflets than Belgians. On the other hand, the group that never looks at them is bigger in the Netherlands.

*-Important aspects of Retailer X promo advertisement:* in both countries, the *price* element is by far the most important element. The second most important aspect in the Netherlands is the *picture* and in the Belgium is the promotion *mechanism*. Dutch Retailer X consumers value the pictorial element of an advertisement more than the Belgian consumers. The *text* element is the least important in both countries.

*-Expectation of promotion frequency at Retailer X:* the majority in both countries expects a sales promotion every *month*, but the percentage in the Netherlands is higher. The second most given answer, again in both countries, is every *quarter*. The third most popular expectation is every *two weeks*. It is notable that the Belgian percentage is considerably higher than the Dutch percentage.

*-Preference for promotion types:* in both the Netherlands and Belgium the majority of the respondents prefer *mixing* over one brand or category. Almost all of the respondents prefer a *price* promotion over a premium. There is in both countries no clear preference for a '50% off on 1 product vs. 1+1 free promotion'. Still, the 50% off promotion is slightly more preferred. Most of the respondents in both countries chose *individual products* instead of multipacks. The majority of the Dutch and Belgian Retailer X consumers choose for a promotion with the *same size and a lower price* instead of larger size, same price.

*-Interest in non-price promotions:* sampling is by far the most preferred non-price promotion in both countries. The option of rather preferring a *price-promotion* over a non-price promotion comes in second place (both countries). It is notable that more Dutch consumers choose for this option than the Belgians. In the Netherlands *displays* are in third place. This also counts for Belgium; however this place is shared with *premiums*. Furthermore, a *loyalty program* in the Netherlands is ranked fourth place. To continue, the interest in non-price promotions in the Netherlands is as following; respectively *gift sets*, *premiums* and *sweepstakes*. This ranking in Belgium continues as follows: *gift sets*, *loyalty programs* and *sweepstakes*. It is notable that premiums are slightly more popular in Belgium than in the Netherlands.

## 5.2 Recommendations for Retailer X sales promotion strategy

Paragraph 4.2 provided a description of the current Kruivdvat sales promotion strategy of Company X. Using the results in 5.1 recommendations are given to implement a standardized or an adapted strategy. First, the main recommendation to answer the main research question is given. The main research question is:

*'Which strategy should Company X implement for the Retailer X sales promotions in both the Netherlands and Belgium in order to maximize growth?'*

Overall, an *adaptation* strategy (illustrated in **figure 12**) is recommended as there are some differences between the Netherlands and Belgium. However, not all the aspects of the sales promotion strategy need a different approach per country. The more detailed recommendations and which elements have the need for a change are described next.

*Figure 12. The recommended main sales promotion strategy for Retailer X*

#### *Sales promotion instruments*

- (1) *Usage of price versus non-price promotions*
- (2) *Usage of one brand and category versus mixing brands and categories*
- (3) *Usage of multipacks versus individual products*
- (4) *Usage of larger size and same price versus same size and lower price*

#### *Deal intensity*

- (1) *Depth of price promotion*
- (2) *Frequency of sales promotion*

#### *Deal support*

- (1) *Usage of features for sales promotion*
- (2) *Media usage for sales promotion*

### **5.3 Hypotheses**

This study has investigated the relationship between three cultural dimensions and some consumer buying behavior aspects. Most of the results showed outcomes rejecting the four hypotheses which have been set up and tested. The four hypotheses and will be discussed next.

H1: Countries with a higher score on femininity are more likely to have promotion prone consumers compared to more masculine countries.

Hypothesis 1 is measured by means of six items. First of all, the relationship between *femininity-masculinity* and *promotions as a reason for the store choice* was tested. The outcome was that the differences between the two cultural groups were not significant. The second item tested for hypothesis 1, is called *promotion proneness*. No significance between the masculine and feminine groups is indicated here. Next, the relationship between masculinity-femininity and if the *last bought product was in promotion*. Again, the result of the test was not significant. The fourth item used for hypothesis 1 relates masculinity-femininity with *promotion importance*. The result indicated that the differences between the masculine and feminine group are significant. The direction of this relationship shows that the feminine group significantly values promotion importance more than the masculine group. This is in line with the direction of hypothesis 1. Furthermore, the fifth item involves masculinity-femininity and the *usage of leaflets*. Significance was not proven in this relationship. Finally, masculinity-femininity and the *expectations of promotion frequency* were tested. Again, the outcome showed no significance. Altogether, *H1 is rejected*. That cultures with a higher score on femininity are more likely to be promotion prone than masculine cultures is, overall, not confirmed. However, one of the six items does accept the hypothesis when it comes to the importance of promotions when buying the products.

H2: Countries with a lower score on power distance are more likely to have promotion prone consumers compared to higher power distance countries.

Also for hypothesis 2 the same six dependent variables as was used for hypothesis 1 are addressed. First, the relationship between power distance and *promotions as a reason for the store choice* was tested. No significance was proven. For the second item, *promotion proneness* is tested, related to power distance. Again there was no significance between the two high and low power distance groups. The third item relates power distance to if the *last bought product was in promotion*. We can conclude that the association is not significant. Next, *promotion importance* and power distance were tested, with no significance. The fifth item of hypothesis 2 relates power distance with the *usage of leaflets*. The result is not significant. Finally, the last item for hypothesis 2 is related to power distance and the *expectations of promotion frequency*. The different groups of high and low power distance indicated no significance. As all the six promotion proneness items related to power distance show no significant differences between the groups, *hypothesis 2 is rejected*. That cultures with a lower power distance are more likely to be promotion prone than cultures with a higher power distance is not confirmed.

H3: Countries with a higher score on power distance are more likely to be interested in non-price promotions compared to lower power distance countries.

This hypothesis was initially measured by means of two items. However, one item to measure interest in non-price promotions (preference for *price of premium promotions*) could not be used as the assumption of the test was violated. Therefore only one item remained to test the third hypothesis. This item relates power distance to the preference for *non-price versus price promotions*. The test indicated that there were no significant differences between the high power distance and low power distance group. This also means that *hypothesis 3 is rejected*. That cultures with a higher power distance are more likely to be interested in non-price promotions than cultures with a lower power distance is not confirmed.

H4: Countries with a higher score on collectivism are more likely to be loyal to brands and stores compared to more individualistic countries

For hypothesis 4 two items were used. First, collectivism-individualism is related to *store loyalty*. No significance was proven for this relationship. The second item used for hypothesis 4 relates individualism-collectivism to *brand loyalty*. The outcome of the test indicated a significant difference between the collectivistic and individualistic groups. The direction of this difference shows that the collectivistic group is more brand loyal than the individualistic group. As one of the two items shows no significance, this hypothesis cannot be accepted as a whole and therefore *hypothesis 4 is rejected*. However, if hypothesis 4 was divided into H4a (store loyalty) and H4b (brand loyalty), H4b would be accepted. That collectivistic cultures are more likely to be loyal than individualistic cultures is not confirmed.

#### *Theoretical implications*

As all the hypotheses are rejected this study indicates that culture (at least three out of five dimensions) has no impact on consumer behavior. As stated in the literature review, the influence of cross-cultural differences in consumer behavior has been studied by many (e.g. Ackerman & Tellis, 2001; Luna & Gupta, 2001). Also, de Mooij & Hofstede (2002) are advocates of cross-cultural differences between consumers. According to them, in general there is no empirical evidence that consumption behaviors are converging between countries. Instead, there is evidence that consumer behavior is diverging. Therefore, they state that consumer behavior will become more heterogeneous because of



cultural differences. A lot of differences in consumption can be predicted and explained by looking at the relationship between consumer behavior and scores on Hofstede's national culture dimensions (de Mooij & Hofstede, 2002). Most of the results in this study showed no empirical evidence of what advocates of cross-cultural differences between consumers believe.

More specifically, according to some literature masculinity has an influence on promotion proneness. As status and success are not so important to feminine countries, promotional buying will be more common and accepted than in more masculine cultures in which promotional buying can be considered as 'being cheap' (Hofstede, 1998). This study does not support the literature stating that promotion proneness is being influenced by masculinity-femininity. Masculinity only proved to be of influence on indicating promotions as an important buying criterion compared to other buying criteria. Therefore this study did contribute in proving masculinity influencing promotion importance as a buying criterion.

The literature also states that power distance has an influence on promotion proneness and on interest in non-price promotions. De Mooij (2004, p. 274) mention the importance of attitudes of family and friends toward buying discounted products, fear of embarrassment or losing face when buying discounted products, as well as consumers' price consciousness. A sign of low class or inability to pay full price are as well important factors influencing high PDI consumers (De Mooij, 2004, p. 274). The outcomes do not support the literature stating power distance influencing promotion proneness. Researchers also found empirical evidence for power distance influencing interest in non-price promotions. Consumers in high power distance cultures would have a relatively higher preference for sales promotions that offer equal rewards for everyone. These mainly involve monetary promotions, such as price discounts and coupons, as they are generally available with the same level of benefit offered to everyone (Kwok & Uncles, 2005). The results of this study do not support power distance influencing the interest in non-price promotions (though not very strongly).

Some streams of literature also indicate that individualism-collectivism influences a part of consumer buying behavior, namely loyalty behavior. Individualists are likely to be less concerned than collectivistic consumers with relationship building aspects such as loyalty, long-term commitment to a group and an enduring sense of responsibility for the welfare of others. Collectivist consumers are said to place a higher value on human relations than they do on physical goods and can use consumption activities to cherish good relationships (Lowe and Corkindale, 1998). Moreover, De Mooij (2004, p. 264) states that in collectivistic countries buyers want a relationship with the seller more than in individualistic countries. The study partly supports this literature as a significant relationship between brand loyalties is proven. However this loyalty behavior does not count for the store (the seller).

Another different aspect to mention here is that as Hofstede's country scores were not resembled in this sample, his scores might differ per context. In this case the consumer context. This study contributed in a way that three cultural dimensions were measured but not supporting Hofstede's findings (some, not all). This could be new support in the literature criticizing the applicability of those dimensions to all contexts.

#### *Practical implications*

Several authors (e.g. Yuan et al., 2011; de Mooij & Hofstede, 2002), as stated in the literature review, believe that an understanding of culture can assist in making marketing decisions, such as whether to pursue standardized or localized strategies – something that has been discussed in the context of retailing strategies. They also state that retailers should not ignore cultural differences, and thus differences among consumers, when expanding to offshore markets. Retailing strategies for one country cannot be extended to other countries without adaptation (de Mooij & Hofstede, 2002). Luna & Gupta (2001) also believe that culture affects consumer behavior. They also state that even when a few

markets have relatively similar characteristics, each country should have its own marketing plan. The main results of this study indicate that culture does not influence the buying behavior of consumers. This means that it does not support the literature saying taking cultural differences into account when implementing a strategy. The implications for retailers are when they set up their international (sales promotion) strategy – standardized or adapted – it should not depend on cultural differences. Thus, (most) differences between consumer behaviors are not influenced by culture. One exception is that brand loyalty is proved to be culture-dependent as well as the importance of promotions as a buying criterion compared to other criteria.

# Chapter 6. Limitations and future research

## *Limitations*

Despite the fact that this study expanded the field of research in cross-cultural buying behavior of consumers some related limitations and directions for future research are provided. First of all, the measured cultural dimensions in the sample are not consistent with what should be expected from Hofstede's index scores for Belgium and the Netherlands. Especially masculinity-femininity (for Belgium) and individualism-collectivism do not match. There are several potential causes for these inconsistencies. One of them is that the dimensions could be measured in the questionnaire by asking the wrong questions. This result in not measuring what should be measured. Another relating aspect is that only one variable (one question in the questionnaire) might not be sufficient enough to measure a cultural dimension. Another reason for a bad resemblance could be that Hofstede's measures (2001) are outdated. His index scores are of more than 10 years ago. However, culture is quite persistent over time. A more comprehensible reason could be that this sample consists of consumers whereas Hofstede's sample involved IBM employees. So the difference in context might be the explanation for other outcomes of national culture than expected. Also important to mention is that there are much less men compared to the women in the sample. Being aware of this strong division, this might be a bias towards the findings. Sampling bias is a bias in which a sample is collected in such a way that some members of the intended population are less likely to be included than others. This sample might be biased as certain members are underrepresented or overrepresented relative to others in the population. In this case men are underrepresented and women are overrepresented. On the other hand, the majority of the population (Retailer X buyers in the Netherlands and Belgium) does consist of women. So it would not entirely be biased. Another relating aspect to mention here is that according to the theory, differences in gender should not result in differences in a national culture. In other words, regardless of being a man or a woman, national culture should be the same for both. Nevertheless, this is not so in practice. In the end, as this study initially focuses on the potential differences between the countries, the measured cultural dimensions cannot be generalized to a country-level. This means that if there were any significant differences between the cultural groups, this does not automatically mean that these differences are to be found between the Netherlands and Belgium. Another point of discussion here is that the literature research contains theories which are not all used for testing the hypotheses or in the comparison of both countries. This is for the case of strategic choice: adaptation versus standardization strategy.

## *Future research*

First of all, there is a lot to suggest regarding culture. It would be of interest to test Hofstede's cultural dimensions in more consumer contexts to support their applicability. Another suggestion for future research would be to also include the other two dimensions of culture: long-short term orientation and uncertainty avoidance. The consumer buying behavior variables might be influenced by them. By including the other two dimensions, the culture as a concept would be more complete. Extra attention should be given to the questioning when measuring culture. In addition, only a few aspects of buying behavior are addressed in this study when related to cultural dimensions. There are more consumer buying behavior aspects in the descriptive part of the research that could be associated to the cultural

dimensions (e.g. impulsive buying behavior, media usage). A suggestion for the future is to test such relationships. Another suggestion for the cultural dimensions is to measure all the cultural dimensions by means of more than one item. Related to this is that hypothesis 3 is rejected on the basis of one test (because the other test's assumption was violated). Therefore it is proposed to use more than this single item to reject or accept a hypothesis. Another aspect to propose for future research is to include more men in the sample. This is proposed in order to minimize sampling bias. With a more equal men/women ratio the results might be different. Furthermore, to be more complete, when conducting cross-cultural research it would be better to include the whole country instead of a part. In this case, Belgium as a whole would be more appropriate instead of focusing on Flanders only. The proposed sales promotion strategy in this study is based on a consumer's perspective only. It would be of interest to include other aspects such as the competition. An example would be to compare the sales promotion strategy of other important retailers. In the end, this study gives recommendations regarding a suitable strategy. However a relationship is not measured in the study itself. The most appropriate strategy is not tested but selected on basis of theory. Empirical evidence for the support of the chosen strategy might be a suggestion for the future. Hypotheses about consumer buying behavior and strategy effectiveness could be of interest.

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# Appendices

## Appendix 1. Short facts Global Company X

## Appendix 2. Company X Netherlands categories and brands

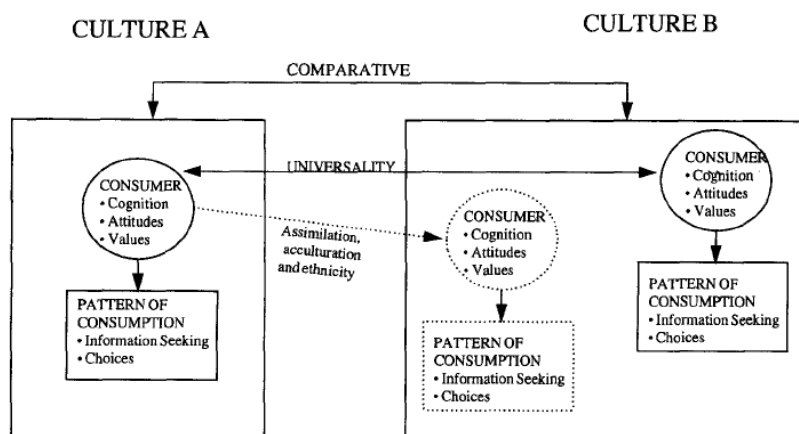
## Appendix 3. Company X Netherlands brands and product ranges

## Appendix 4. Table X. Comparison of Hofstede's cultural framework with other models (Soares et al., 2007)

	Masculinity/ Femininity	Individualism/ collectivism	Power distance	Uncertainty avoidance	Long-term orientation	Other
Hofstede (1984)						
Hofstede (1991, 2001)						
Inkeles and Levinson (1969)*	Conceptions of self		Relation to authority	Primary dilemmas or conflicts		
Triandis (1995)						
Chinese Cultural Connection (1987)	Human heartedness	Integration			Confucian work dynamism	Moral discipline
Clark (1990)*	Relations to self		Relation to authority	Relation to risk		
Trompenaars (1997)	Neutral/emotional	Universalism/particularism Individualism/ communitarianism			Attitudes to time	Specific /diffuse Achievement/ascription Attitudes to the environment Paternalism
Dorfman and Howell (1988)						
Schwartz (1994)	Mastery/harmony	Autonomy/conservatism Loyal involvement/ utilitarian involvement	Hierarchy/ egalitarianism Conservantism/ egalitarianism			Discussion of a third dimension 3 deferred
Smith et al. (1996)						National heritage/culture homogeneity/belief system/ consumer ethnocentrism
Keillor and Hult (1999)						
Steenkamp (2001)*		Autonomy/collectivism	Egalitarianism/hierarchy	Uncertainty avoidance	Mastery/ nurturance-	

\* Refers to theoretical contributions. The remainders are empirical studies.

## Appendix 5. Fig. X. Schema of cross-cultural consumer research (Douglas & Craig, 1997)



## **Appendix 6. Consumer shopper survey**

### **Enquête Retailer X shoppers**

**UNIVERSITEIT TWENTE.**

#### **Vooraf:**

- Deze enquête zal ongeveer 5 tot 10 minuten in beslag nemen
- Deze vragenlijst is voor mijn afstudeeronderzoek van de Universiteit Twente (Nederland)
- Alle gegevens en informatie die u geeft, zullen uitsluitend gebruikt worden voor dit onderzoek en er zal vertrouwelijk mee omgegaan worden

#### **1. Geslacht:**

- Man
- Vrouw

#### **2. Leeftijd:**

- 18-29 jaar
- 30-39 jaar
- 40-49 jaar
- 50-59 jaar
- 60+ jaar

#### **3. Aantal jaar wonend in Nederland/ België :**

- Hele leven
- >20 jaar
- 10-20 jaar
- 5-9 jaar
- <5 jaar

#### **4. Gezins- of woonsituatie:**

- Alleenstaand
- Met partner
- Gezin met kinderen

**5. Waarom kiest u er voor om bij de Retailer X te winkelen? (meerdere antwoorden mogelijk)**

- Goedkoop
- Bereikbaarheid (voldoende winkels aanwezig)
- Goede service
- Klantvriendelijkheid
- Overzichtelijk
- Promoties
- Productaanbod
- Anders, namelijk .....
- .....
- .....

**6. Voor wie koopt u de producten over het algemeen? (meerdere antwoorden mogelijk)**

- Mezelf
- Partner
- Kinderen
- Broers/ Zussen
- Huisgenoten
- Vader/ Moeder
- Anders, namelijk.....

**7. Welke van de onderstaande producten koopt u bij de Retailer X? (meerdere antwoorden mogelijk)**

**8. In hoeverre vindt u de onderstaande elementen belangrijk bij het kopen van de bij vraag 7 aangevinkte producten (vr. 7)? Kruis het antwoord aan dat het meest voor u van toepassing is**

- a) Prijs:**  
 Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk
- b) Promotie:**  
 Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk
- c) Verpakking:**  
 Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk
- d) Merk:**  
 Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk
- e) Inhoud (formaat):**  
 Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**9. Hoe vaak bezoekt u gemiddeld een Retailer X?**

- Dagelijks
- Aantal keer per week
- Wekelijks
- Maandelijks
- Een aantal keer per jaar
- Zelden

**10. a) Waar elders koopt u bovenstaande producten? (meerdere antwoorden mogelijk)**

**b) Als u Retailer X met de in vraag 10 a) gekozen winkelformule vergelijkt, hoe scoort Retailer X op basis van de volgende elementen? Omcirkel het getal dat het beste bij u past waarbij 1 de laagste score aangeeft en 5 de hoogste score**

<b>Winkelinrichting</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Assortiment</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Klantvriendelijkheid</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Prijs-kwaliteit verhouding</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**11. Wanneer koopt u de boven besproken producten (vr. 7)?**

- Ik koop de producten wanneer ik ze nodig heb en let niet op promoties
- Ik koop de producten alleen als ze in promotie zijn
- Anders, namelijk.....

**12. a) Wat heeft u als laatste gekocht bij de Retailer X m.b.t. persoonlijke- en mondverzorging\* ?**

.....

**b) Was het in promotie?**

- Ja
- Nee
- Weet niet

**c) Wou u het van tevoren kopen?**

- Ja
- Nee
- Weet niet



**13. In hoeverre koopt u dezelfde merken?**

- Nooit       Soms       Altijd

**14. Wanneer kiest u doorgaans welk product u gaat kopen?**

- Vóór het winkelbezoek
- In de winkel zelf
- Dat verschilt, het hangt namelijk af van.....  
.....  
.....

**15. In hoeverre legt u een voorraad aan wanneer een product in promotie is?**

- Nooit       Soms       Altijd

**16. Welke vorm van promoties koopt u het liefst bij de Retailer X?**

- |      |   |           |  |
|------|---|-----------|--|
| I.   | <input type="radio"/> 3x een product van één merk   | <i>óf</i> | <input type="radio"/> Zelf 3 verschillende producten en merken mixen |
| II.  | <input type="radio"/> Multipakken                   | <i>óf</i> | <input type="radio"/> Losse producten                                |
| III. | <input type="radio"/> Prijspromotie (korting)       | <i>óf</i> | <input type="radio"/> Gratis geschenk bij aankoop product            |
| IV.  | <input type="radio"/> 50% korting op 1 product      | <i>óf</i> | <input type="radio"/> 1+1 gratis                                     |
| V.   | <input type="radio"/> Meer inhoud en dezelfde prijs | <i>óf</i> | <input type="radio"/> Dezelfde inhoud en lagere prijs                |

**17. Hoe raakt u bekend met de promoties van Retailer X? (meerdere antwoorden mogelijk)**

- Folders: voordeelmagazines en voordeelkrantjes
- Radio
- TV
- Mobiele telefoon (apps)
- Bekenden
- E-mail
- Tijdschriften en kranten
- In de winkel zelf
- Overig

**18. Hoe vaak bekijkt u de Retailer X folders?**

- Altijd       Soms       Nooit

**19. In hoeverre hecht u waarde aan de volgende vijf elementen in een advertentie?**

**a. De afbeelding**

- Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**b. De tekst**

- Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**c. Het prijselement**

- Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**d. Het actiemechanisme**

- Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**e. De merken**

- Zeer belangrijk       Belangrijk       Neutraal       Onbelangrijk       Zeer onbelangrijk

**20. Als er geen prijspromotie is, trekt het volgende mij aan: (meerdere antwoorden mogelijk)**

- Displays
- Winacties
- Geschenkverpakkingen
- Gratis probeerverpakkingen
- Gratis cadeautje
- Spaarprogramma
- Niets, alleen een prijspromotie
- Anders, namelijk .....
- .....
- .....

**21. Hoe vaak verwacht u dat een bepaald merk in promotie is bij de Retailer X?**

- Elke week
- Elke twee weken
- Elke maand
- Elk kwartaal
- Een keer per half jaar

Tot slot volgen er hierna nog twee vragen over wat u belangrijk vindt in het leven

**22. In hoeverre vindt u de onderstaande waarden belangrijk? Nummer van 1 (het belangrijkste) tot 4 (minst belangrijk)**

... Succes      ... Leef kwaliteit      ... Status      ... Zorgzaamheid

**23. In hoeverre bent u het eens met de onderstaande stellingen?**

I. *'Ik respecteer dat er mensen boven mij staan zoals bepaalde familieleden en collega's op werk'*

Zeer mee eens       Mee eens       Neutraal       Mee oneens       Zeer mee oneens

II. *'Ik voel me erg verbonden met groepen zoals mijn familie en vrienden'*

Zeer mee eens       Mee eens       Neutraal       Mee oneens       Zeer mee oneens

**-Einde vragenlijst-**

**\*\*\* Hartelijk dank voor uw medewerking aan dit onderzoek\*\*\***

**Kom nu uw gratis product ophalen!**

**Appendix 7. Operationalization of consumer buying behavior**

Operationalization of consumer buying behavior variables	Related question(s) in questionnaire	Measurement scale
<b><u>Reason for store choice:</u></b> <ul style="list-style-type: none"> <li>➤ Cheap</li> <li>➤ Accessibility</li> <li>➤ Good service</li> <li>➤ Friendliness</li> <li>➤ Clearness</li> <li>➤ Promotions</li> <li>➤ Product range</li> <li>➤ Other</li> </ul>	Question 5	<b><u>Nominal scale</u></b> Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No
<b><u>Buying for others:</u></b> <ul style="list-style-type: none"> <li>➤ Only for myself</li> <li>➤ Myself and others</li> </ul>	Question 6	<b><u>Nominal scale</u></b> Myself Myself+ Partner/Children/Brother-Sister/ Roommates/ Father-Mother
<b>Products bought at Retailer X:</b>	Question 7	<b><u>Nominal scale</u></b> Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No Yes/ No
<b>Importance of criteria buying at Retailer X:</b> <ul style="list-style-type: none"> <li>➤ Price</li> <li>➤ Promotion</li> <li>➤ Package</li> <li>➤ Brand</li> <li>➤ Size</li> </ul>	Question 8  a) b) c) d) e)	<b><u>Ordinal scale (5- point Likert scale)</u></b>  Very important – Very unimportant Very important – Very unimportant Very important – Very unimportant Very important – Very unimportant Very important – Very unimportant
<b>Store loyalty (Frequency of store visits)</b>	Question 9	<b><u>Ordinal scale (5- point Likert scale)</u></b> Daily/ Few times a week/ Weekly/ Monthly/ Few times a year/ Rarely
<b>Comparison to other retailers:</b> <ul style="list-style-type: none"> <li>➤ Type of retailer(s)</li> <li>➤ Retailer X's score compared to them:               <ul style="list-style-type: none"> <li>• Store organization</li> <li>• Assortment</li> </ul> </li> </ul>	Question 10  a)  b)	<b><u>Nominal scale</u></b> Supermarket/ Multiple supermarkets /Drugstore – Pharmacy/ Multiple drug stores/ Supermarket(s) and drug store(s)/ Only Retailer X/ Other  <b><u>Ordinal scale (5- point Likert scale)</u></b> Number 1-5 (1 = lowest, 5 = highest) Number 1-5 (1 = lowest, 5 = highest)

<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Price-quality</li> </ul>		Number 1-5 (1 = lowest, 5 = highest) Number 1-5 (1 = lowest, 5 = highest)
<b>Promotion proneness</b>	<b>Question 11</b>	<b><u>Nominal scale</u></b> Not specific for promotions/ Only promotions/ Other (both)
<b>Last purchase at Retailer X</b>	<b>Question 12</b>	<b><u>Nominal scale</u></b>
<ul style="list-style-type: none"> <li>➤ Product category</li> <li>➤ In promotion</li> </ul>	<p>a)</p> <p>b)</p>	Yes/ No/ Don't know
<b><u>Impulsive buying</u></b>		<b><u>Nominal scale</u></b>
<ul style="list-style-type: none"> <li>➤ Last purchase at Retailer X planned in advance</li> <li>➤ Timing buying decision</li> </ul>	<p>Question 12 c)</p> <p>Question 14</p>	<p>Yes/ No/ Don't know</p> <p>Before visiting the store/ In the store / It depends on..</p>
<b>Brand loyalty</b>	<b>Question 13</b>	<b><u>Ordinal scale (3- point Likert scale)</u></b> Never/ Sometimes/ Always
<b>Stockpiling</b>	<b>Question 15</b>	<b><u>Ordinal scale (3- point Likert scale)</u></b> Never/ Sometimes/ Always
<b><u>Preference for promotion types</u></b>	<b>Question 16</b>	<b><u>Nominal scale</u></b>
<ul style="list-style-type: none"> <li>➤ One brand vs. mixing brands and categories</li> <li>➤ Multipacks vs. individual products</li> <li>➤ Price promotion vs. premium</li> <li>➤ 50% off on 1 product vs. 1+1 free</li> <li>➤ Larger size, same price vs. same size, lower price</li> </ul>	<p>I</p> <p>II</p> <p>III</p> <p>IV</p> <p>V</p>	<p>One brand/ Mixing brands and categories</p> <p>Multipacks/ Individual products</p> <p>Price/ Premium</p> <p>50% off/ 1+1 free</p> <p>Larger size, same price/ Same size, lower price</p>
<b>Usage of media for Retailer X promotions</b>	<b>Question 17</b>	<b><u>Nominal scale</u></b> Leaflets/ Leaflets and other/ Other/ Only in the store
<b>Usage of weekly Retailer X leaflets</b>	<b>Question 18</b>	<b><u>Ordinal scale (3- point Likert scale)</u></b> Never/ Sometimes/ Always
<b><u>Important aspects of Retailer X promo advertisement:</u></b>	<b>Question 19</b>	<b><u>Ordinal scale (5- point Likert scale)</u></b>
<ul style="list-style-type: none"> <li>➤ Picture</li> <li>➤ Text</li> <li>➤ Price element</li> <li>➤ Mechanism</li> <li>➤ Brands</li> </ul>		<p>Very important – Very unimportant</p> <p>Very important – Very unimportant</p> <p>Very important – Very unimportant</p> <p>Very important – Very unimportant</p> <p>Very important – Very unimportant</p>
<b>Interest in non-price promotions</b>	<b>Question 20</b>	<b><u>Nominal scale</u></b>
<ul style="list-style-type: none"> <li>➤ Displays</li> <li>➤ Sweepstakes</li> <li>➤ Gift sets</li> <li>➤ Sampling</li> </ul>		<p>Yes/ No</p> <p>Yes/ No</p> <p>Yes/ No</p> <p>Yes/ No</p>

➤ Premium		Yes/ No
➤ Loyalty program		Yes/ No
➤ Other		Yes/ No
➤ None, a price promotion		Yes/ No
<b>Expectation of promotion frequency at Retailer X</b>	<b>Question 21</b>	<b>Ordinal scale (5- point Likert scale)</b> Every week/ Every two weeks/ Every month/ Every quarter/ Every 6 months

**Appendix 8. Overview of buying behavior comparison Netherlands versus Belgium**

	Netherlands	Belgium
<b>Subject</b>	<b>Score</b>	<b>Score</b>
<b>Reason for store choice* :</b>		
➤ Cheap	Medium (63%)	High (73%)
➤ Accessibility	Medium (37%)	Medium (44%)
➤ Good service	Low (12%)	Low (11%)
➤ Friendliness	Low (16%)	Low (5%)
➤ Clearness	Low (7%)	Low (13%)
➤ Promotions	Medium (67%)	Medium (51%)
➤ Product range	Medium (53%)	Medium (45%)
➤ Other	Low (3%)	Low (4%)
<b>Shopping for others*</b>	High (80%)	High (79%)
<b>Products bought at Retailer X* :</b>		
<b>Importance of criteria buying at Retailer X:</b>		
➤ Price	(Very) Important (88%)	(Very) Important (89%)
➤ Promotion	(Very) Important (83%)	(Very) Important (71%)
➤ Package	(Very) Important (17%)	(Very) Important (16%)
➤ Brand	(Very) Important (69%)	(Very) Important (56%)
➤ Size	(Very) Important (53%)	(Very) Important (64%)
<b>Frequency of Retailer X visits</b>	Daily-Weekly (71%)	Daily-Weekly (61%)
<b>Comparison to other retailers:</b>		
➤ Type of retailer(s)	Supermarkets and drugstores (39%)	Supermarket (39%)
➤ Retailer X's score compared to them:		
• Store organization	Better (37%)	Better (45%)
• Assortment	Better (80%)	Better (82%)
• Customer service	Better (61%)	Better (48%)
• Price-quality	Better (86%)	Better (76%)
<b>Promotion proneness</b>	Only promotions (41%)	Not specific promotions (65%)
<b>Last purchase at Retailer X</b>		

➤ <b>Product category</b>		
➤ <b>In promotion</b>	Promotion (40%)	Promotion (33%)
➤ <b>Impulsive buying</b>	Impulse (16%)	15% (Impulse)
<b>Brand loyalty</b>	Always (72%)	Sometimes (48%)
<b>Moment of buying decision</b>	Before the store (68%)	Before the store (49%)
<b>Stockpiling</b>	Sometimes (48%)	Sometimes (56%)
<b>Preference for promotion types</b>		
➤ <b>One brand vs. mixing brands and categories</b>	Mixing (59%)	Mixing (65%)
➤ <b>Multipacks vs. individual products</b>	Individual (64%)	Individual (68%)
➤ <b>Price promotion vs. premium</b>	Price (92%)	Price (89%)
➤ <b>50% off on 1 product vs. 1+1 free</b>	50% off (53%)	50% off (53%)
➤ <b>Larger size, same price vs. same size, lower price</b>	Same size, lower price (65%)	Same size, lower price (64%)
<b>Usage of media for Retailer X promotions</b>	Leaflets and other (41%)	Leaflets (56%)
<b>Usage of weekly Retailer X leaflets</b>	Always (69%)	Always (56%)
<b>Important aspects of Retailer X promo advertisement:</b>		
➤ <b>Picture</b>	(Very) Important (85%)	(Very) Important (68%)
➤ <b>Text</b>	(Very) Important (65%)	(Very) Important (61%)
➤ <b>Price element</b>	(Very) Important (92%)	(Very) Important (93%)
➤ <b>Mechanism</b>	(Very) Important (79%)	(Very) Important (72%)
➤ <b>Brands</b>	(Very) Important (69%)	(Very) Important (63%)
<b>Interest in non-price promotions*</b>		
➤ <b>Displays</b>	Low (21%)	Low (20%)
➤ <b>Sweepstakes</b>	Low (4%)	Low (7%)
➤ <b>Gift sets</b>	Low (11%)	Low (12%)
➤ <b>Sampling</b>	Medium (39%)	Low (32%)
➤ <b>Premium</b>	Low (9%)	Low (20%)
➤ <b>Loyalty program</b>	Low (17%)	Low (12%)
➤ <b>Other</b>	Low (0%)	Low (1%)
➤ <b>None, a price promotion</b>	Medium (37%)	Low (25%)
<b>Expectation of promotion frequency at Retailer X</b>	Every month (63%)	Every month (49%)

\* Variables which can be scored based on the legend below:

<b>Legend</b>	
<b>Percentages</b>	<b>Scores</b>
<b>0-33%</b>	Low
<b>34-67%</b>	Medium
<b>68-100%</b>	High

**Appendix 9. Comparison of competitive retailer types between Netherlands and Belgium**

**Appendix 10. Division of cultural groups in sample (used for hypotheses)**

**MASTotal**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Masculine	32	21,3	21,3	21,3
Feminine	118	78,7	78,7	100,0
Total	150	100,0	100,0	

**PDITotal**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid LowPDI	44	29,3	29,3	29,3
HighPDI	106	70,7	70,7	100,0
Total	150	100,0	100,0	

**IDVTotal**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Individualistic	33	22,0	22,0	22,0
Collectivistic	117	78,0	78,0	100,0
Total	150	100,0	100,0	

**Appendix 11. SPSS output of Chi-square and Mann-Whitney tests**

*Hypothesis 1:*

*Chi-square tests for nominal variables*

**1. Reason store choice: promotions**

			ReasonKVpromotions		Total
			No	Yes	
MASTotal	Masculine	Count	17	15	32
		% within MASTotal	53,1%	46,9%	100,0%
	% within ReasonKVpromotions		27,4%	17,0%	21,3%
	% of Total		11,3%	10,0%	21,3%
Feminine	Count	Count	45	73	118
		% within MASTotal	38,1%	61,9%	100,0%
	% within ReasonKVpromotions		72,6%	83,0%	78,7%
	% of Total		30,0%	48,7%	78,7%
Total	Count	Count	62	88	150
		% within MASTotal	41,3%	58,7%	100,0%
	% within ReasonKVpromotions		100,0%	100,0%	100,0%
	% of Total		41,3%	58,7%	100,0%



**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2,332 <sup>a</sup>	1	,127		
Continuity Correction <sup>b</sup>	1,755	1	,185		
Likelihood Ratio	2,303	1	,129		
Fisher's Exact Test				,157	,093
Linear-by-Linear Association	2,317	1	,128		
N of Valid Cases	150				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 13,23.

b. Computed only for a 2x2 table

**Symmetric Measures**

	Value	Approx. Sig.
Nominal by Nominal Phi	,125	,127
Cramer's V	,125	,127
N of Valid Cases	150	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

**2. Promotion proneness**

			PromotionProneness			Total
			Not specific for promotions	Only promotions	Other (both)	
MASTotal	Masculine	Count	20	9	3	32
		% within MASTotal	62,5%	28,1%	9,4%	100,0%
		% within PromotionProneness	27,0%	19,1%	10,3%	21,3%
		% of Total	13,3%	6,0%	2,0%	21,3%
	Feminine	Count	54	38	26	118
		% within MASTotal	45,8%	32,2%	22,0%	100,0%
		% within PromotionProneness	73,0%	80,9%	89,7%	78,7%
		% of Total	36,0%	25,3%	17,3%	78,7%
Total		Count	74	47	29	150
		% within MASTotal	49,3%	31,3%	19,3%	100,0%
		% within PromotionProneness	100,0%	100,0%	100,0%	100,0%
		% of Total	49,3%	31,3%	19,3%	100,0%

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3,650 <sup>a</sup>	2	,161
Likelihood Ratio	3,942	2	,139
Linear-by-Linear Association	3,621	1	,057
N of Valid Cases	150		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 6,19.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	,156	,161
	Cramer's V	,156	,161
N of Valid Cases		150	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

**3. Last bought product, in promotion?**

			Promotion			Total
			No	Yes	Don't know	
MASTotal	Masculine	Count	22	6	4	32
		% within MASTotal	68,8%	18,8%	12,5%	100,0%
		% within Promotion	26,8%	10,9%	30,8%	21,3%
		% of Total	14,7%	4,0%	2,7%	21,3%
	Feminine	Count	60	49	9	118
		% within MASTotal	50,8%	41,5%	7,6%	100,0%
		% within Promotion	73,2%	89,1%	69,2%	78,7%
		% of Total	40,0%	32,7%	6,0%	78,7%
Total		Count	82	55	13	150
		% within MASTotal	54,7%	36,7%	8,7%	100,0%
		% within Promotion	100,0%	100,0%	100,0%	100,0%
		% of Total	54,7%	36,7%	8,7%	100,0%

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,727 <sup>a</sup>	2	,057
Likelihood Ratio	6,172	2	,046
Linear-by-Linear Association	1,007	1	,316
N of Valid Cases	150		

- a. 1 cells (16,7%) have expected count less than 5. The minimum expected count is 2,77.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	,195	,057
	Cramer's V	,195	,057
N of Valid Cases		150	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

*Mann-Whitney tests*

4. **Promotion importance**
5. **Usage of leaflets**
6. **Expectations of promotion frequency**

**Ranks**

	MASTotal	N	Mean Rank	Sum of Ranks
Promotionimportance	Masculine	32	59,83	1914,50
	Feminine	118	79,75	9410,50
	Total	150		
Leaflets	Masculine	32	70,70	2262,50
	Feminine	118	76,80	9062,50
	Total	150		
PromoFrequency	Masculine	32	78,48	2511,50
	Feminine	118	74,69	8813,50
	Total	150		

**Test Statistics<sup>a</sup>**

	Promotionimportance	Leaflets	PromoFrequency
Mann-Whitney U	1386,500	1734,500	1792,500
Wilcoxon W	1914,500	2262,500	8813,500
Z	-2,488	-,818	-,489
Asymp. Sig. (2-tailed)	,013	,413	,625

a. Grouping Variable: MASTotal

Promotionimportance

MASTotal	N	Median
Masculine	32	4,00
Feminine	118	4,00
Total	150	4,00

Hypothesis 2:

Chi-square tests

1. Reason store choice: promotions

			ReasonKVpromotions		Total
			No	Yes	
PDITotal	LowPDI	Count	22	22	44
		% within PDITotal	50,0%	50,0%	100,0%
		% within ReasonKVpromotions	35,5%	25,0%	29,3%
		% of Total	14,7%	14,7%	29,3%
	HighPDI	Count	40	66	106
		% within PDITotal	37,7%	62,3%	100,0%
		% within ReasonKVpromotions	64,5%	75,0%	70,7%
		% of Total	26,7%	44,0%	70,7%
Total		Count	62	88	150
		% within PDITotal	41,3%	58,7%	100,0%
		% within ReasonKVpromotions	100,0%	100,0%	100,0%
		% of Total	41,3%	58,7%	100,0%

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1,929 <sup>a</sup>	1	,165		
Continuity Correction <sup>b</sup>	1,456	1	,228		
Likelihood Ratio	1,913	1	,167		
Fisher's Exact Test				,203	,114
Linear-by-Linear Association	1,916	1	,166		
N of Valid Cases	150				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 18,19.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,113	,165
	Cramer's V	,113	,165
N of Valid Cases		150	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

## 2. Promotion proneness

			PromotionProneness			Total
			Not specific for promotions	Only promotions	Other (both)	
PDITotal	LowPDI	Count	25	15	4	44
		% within PDITotal	56,8%	34,1%	9,1%	100,0%
		% within PromotionProneness	33,8%	31,9%	13,8%	29,3%
	% of Total	16,7%	10,0%	2,7%	29,3%	
HighPDI	Count	Count	49	32	25	106
		% within PDITotal	46,2%	30,2%	23,6%	100,0%
		% within PromotionProneness	66,2%	68,1%	86,2%	70,7%
	% of Total	32,7%	21,3%	16,7%	70,7%	
Total	Count	Count	74	47	29	150
		% within PDITotal	49,3%	31,3%	19,3%	100,0%
		% within PromotionProneness	100,0%	100,0%	100,0%	100,0%
	% of Total	49,3%	31,3%	19,3%	100,0%	

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,237 <sup>a</sup>	2	,120
Likelihood Ratio	4,739	2	,094
Linear-by-Linear Association	3,258	1	,071
N of Valid Cases	150		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 8,51.

### Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal	Phi	,168
	Cramer's V	,168
N of Valid Cases	150	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

**3. Last bought product, in promotion?**

			Promotion			Total
			No	Yes	Don't know	
PDITotal	LowPDI	Count	26	16	2	44
		% within PDITotal	59,1%	36,4%	4,5%	100,0%
		% within Promotion	31,7%	29,1%	15,4%	29,3%
		% of Total	17,3%	10,7%	1,3%	29,3%
	HighPDI	Count	56	39	11	106
		% within PDITotal	52,8%	36,8%	10,4%	100,0%
		% within Promotion	68,3%	70,9%	84,6%	70,7%
		% of Total	37,3%	26,0%	7,3%	70,7%
Total		Count	82	55	13	150
		% within PDITotal	54,7%	36,7%	8,7%	100,0%
		% within Promotion	100,0%	100,0%	100,0%	100,0%
		% of Total	54,7%	36,7%	8,7%	100,0%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,445 <sup>a</sup>	2	,486
Likelihood Ratio	1,603	2	,449
Linear-by-Linear Association	1,071	1	,301
N of Valid Cases	150		

a. 1 cells (16,7%) have expected count less than 5. The minimum expected count is 3,81.

		Value	Approx. Sig.
Nominal by Nominal	Phi	,098	,486
	Cramer's V	,098	,486
N of Valid Cases		150	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

*Mann-Whitney tests*

4. **Promotion importance**
5. **Usage of leaflets**
6. **Expectations of promotion frequency**

**Ranks**

	PDITotal	N	Mean Rank	Sum of Ranks
Promotionimportance	LowPDI	44	70,84	3117,00
	HighPDI	106	77,43	8208,00
	Total	150		
Leaflets	LowPDI	44	75,68	3330,00
	HighPDI	106	75,42	7995,00
	Total	150		
PromoFrequency	LowPDI	44	72,41	3186,00
	HighPDI	106	76,78	8139,00
	Total	150		

**Test Statistics<sup>a</sup>**

	Promotionimportance	Leaflets	PromoFrequency
Mann-Whitney U	2127,000	2324,000	2196,000
Wilcoxon W	3117,000	7995,000	3186,000
Z	-,915	-,038	-,627
Asymp. Sig. (2-tailed)	,360	,969	,531

a. Grouping Variable: PDITotal

Hypothesis 3:

Chi-square tests

1. Price versus premium

			PriceorPremium		Total
			Price	Premium	
PDITotal	LowPDI	Count	42	2	44
		% within PDITotal	95,5%	4,5%	100,0%
		% within PriceorPremium	30,9%	14,3%	29,3%
		% of Total	28,0%	1,3%	29,3%
	HighPDI	Count	94	12	106
		% within PDITotal	88,7%	11,3%	100,0%
		% within PriceorPremium	69,1%	85,7%	70,7%
		% of Total	62,7%	8,0%	70,7%
Total		Count	136	14	150
		% within PDITotal	90,7%	9,3%	100,0%
		% within PriceorPremium	100,0%	100,0%	100,0%
		% of Total	90,7%	9,3%	100,0%

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1,687 <sup>a</sup>	1	,194		
Continuity Correction <sup>b</sup>	,981	1	,322		
Likelihood Ratio	1,911	1	,167		
Fisher's Exact Test				,235	,161
Linear-by-Linear Association	1,675	1	,196		
N of Valid Cases	150				

a. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 4,11.

b. Computed only for a 2x2 table



## 2. Non-price versus price promotion

			NonpricePrice		Total
			No	Yes	
PDITotal	LowPDI	Count	31	13	44
		% within PDITotal	70,5%	29,5%	100,0%
		% within NonpricePrice	30,1%	27,7%	29,3%
		% of Total	20,7%	8,7%	29,3%
	HighPDI	Count	72	34	106
		% within PDITotal	67,9%	32,1%	100,0%
		% within NonpricePrice	69,9%	72,3%	70,7%
		% of Total	48,0%	22,7%	70,7%
Total		Count	103	47	150
		% within PDITotal	68,7%	31,3%	100,0%
		% within NonpricePrice	100,0%	100,0%	100,0%
		% of Total	68,7%	31,3%	100,0%

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	,093 <sup>a</sup>	1	,761		
Continuity Correction <sup>b</sup>	,012	1	,912		
Likelihood Ratio	,093	1	,760		
Fisher's Exact Test				,848	,460
Linear-by-Linear Association	,092	1	,762		
N of Valid Cases	150				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 13,79.

b. Computed only for a 2x2 table

### Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,025	,761
	Cramer's V	,025	,761
N of Valid Cases		150	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Hypothesis 4:

Mann-Whitney tests

1. **Store loyalty**
2. **Brand loyalty**

**Ranks**

	IDVTotal	N	Mean Rank	Sum of Ranks
FrequencyVisits	Individualistic	33	72,55	2394,00
	Collectivistic	117	76,33	8931,00
	Total	150		
BrandLoyalty	Individualistic	33	62,35	2057,50
	Collectivistic	117	79,21	9267,50
	Total	150		

**Test Statistics<sup>a</sup>**

	FrequencyVisits	BrandLoyalty
Mann-Whitney U	1833,000	1496,500
Wilcoxon W	2394,000	2057,500
Z	-,485	-2,278
Asymp. Sig. (2-tailed)	,627	,023

a. Grouping Variable: IDVTotal

BrandLoyalty

IDVTotal	N	Median
Individualistic	33	2,00
Collectivistic	117	3,00
Total	150	3,00