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STORE IMAGE ON PURCHASE INTENTION: THE MODERATING EFFECT OF INDIVIDUAL AND SOCIETAL UNCERTAINTY AVERSION AMONG AMERICAN AND KOREAN CONSUMERS

Dr. Boonghee Yoo

ABSTRACT

The purpose of this study is to examine the effect of consistency/inconsistency between societal and individual uncertainty aversion norm on store image-purchase intention relationship. Also, the main effects of store image and societal uncertainty aversion norm are explored. The analysis of 174 American and 180 Korean subjects reveals that store image and societal norm of uncertainty aversion have a significant effect on purchase intention. In addition, such relationship depends on the consistency between individual norm and societal norm. Distributing a product through high image stores is more persuasive for the consumers whose norm is consistent with their societal norm.

INTRODUCTION

Geert Hofstede defined culture as “the collective programming of the mind which distinguishes the members of one human group from another.” In business, values, the core of culture patterns, have been considered as one of the critical determinants of consumer behavior and the most pervasive influence upon individuals’ behaviors. From an historical perspective, Burgess asserted that values have arrived at the consumer research mainstream even though values research is in the “toddler years” and expected that future research related to values would grow exponentially. Culture has been considered a critical factor in international business strategy, in particular, business program standardization and adaptation issues. In the standardization concept, one promising strategy must hold across countries, not

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4 Thomas S. Robertson, Handbook of Consumer Behavior, (Scott Foresman & Co. 1980).


allowing differences among countries. Global standardization of business planning is advocated when it has a positive influence on financial performance through scale effects.7

Culture is to societies such as countries, geographic regions, and ethnic groups whereas cultural orientation is to individuals living in the societies. For example, according to Hofstede’s national index of culture, the United States is ranked the highest in individualism in the world.8 This obviously means that citizens of the US hold the highest level of individualism compared to citizens of any other country on average. However, it is a mistake if a corporation develops a strategy for American consumers under the assumption that the cultural orientation of every American is highly individualistic. In the US, in contrast, a sizable subset of the population is highly collectivistic.9 In the US, individualistic and collectivistic people coexist. Therefore, when culture must be considered in international business, managers are easily confused with the level of unit: country-level or individual-level. A group of citizens would show congruency in their cultural orientation with the national culture, while the other group would show incongruency. However, little research has examined how the harmony and the conflict between societal culture and individual cultural orientation affect consumer reaction to business strategies.10

The purpose of this study is to examine the importance of culture in international business efforts. In particular, the relationship between uncertainty aversion as a major cultural dimension and store image as an international business strategy is explored. Then, the effect of the consistency (or inconsistency) between societal norm and individual norm on the store image-purchase intention relationship is investigated. In the following sections, the relevant hypotheses are developed, the method of hypothesis testing and its results are reported, and the discussion is provided.

HYPOTHESES DEVELOPMENT

Store Image

Distributing products through high quality or high reputation stores will result in high brand loyalty and high brand awareness by signaling high quality brands and stimulating word of mouth communication.11 Dodds, Monroe, and Grewal found a significant positive

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8 Geert Hofstede, Culture’s Consequences: International Differences in Work-Related Values, (Sage Publications 1980) [hereinafter “Hofstede 1980”].
9 Bonghee Yoo, Naveen Donthu & Tomasz Lenartowicz, Measuring Hofstede’s Five Dimensions of Cultural Values at the Individual Level: Development and Validation of CVSALE, J. INT’L CONSUMER MKTG. (forthcoming 2011) [hereinafter “Measuring Hofstede’s Five Dimensions”].
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effect of store image on perceived price and quality.\textsuperscript{12} Store name may be an important extrinsic cue to perceived quality and price. For example, quality and price of the same brand would be differently perceived depending on which retailer (high image or low image) offered the brand. For example, based on 640 MBA student samples from 38 Western industrialized countries and Japan, Dawar and Parker found that across countries consumers commonly use store image as a signal of product quality.\textsuperscript{13} Products of high perceived quality would be more acceptable among consumers. In conclusion, distributing a product through high image stores is expected to be more successful in persuading consumers.

H1: There will be a significant effect of store image on purchase intention. Distributing through high image stores will be more persuasive than distributing through low image stores.

Cultural Uncertainty Aversion

According to Hofstede, cultural uncertainty is "the extent to which the members of a culture feel threatened by uncertain or unknown situations."\textsuperscript{14} Uncertainty may have two sources of risk and ambiguity. Walczuch defined risk as precise uncertainty and ambiguity as vague uncertainty.\textsuperscript{15} In risky situations, the goals, alternatives, and probabilities of success are known despite difficulty to obtain and achieve them. In contrast, in ambiguous situations, the information itself is missing or unclear. Either risk or ambiguity creates uncertainty. Effort to decrease uncertainty requires improvement of risky conditions and ambiguous conditions by increasing the probability of success and providing more useful information.

The feeling threatened by uncertain or unknown situations is communicated through anxiety and in a need for predictability: a need for explicit, clear rules or structured situations. Cultural uncertainty aversion refers to tolerance for uncertainty. Uncertainty aversion evaluates the way in which societies respond to the uncertainties and ambiguities embedded in everyday life.\textsuperscript{16} People in a society of weak uncertainty aversion tend to accept uncertainty without much discomfort, take risks easily, and show greater tolerance for opinions and behaviors different from their own. They do not need precise and explicit rules. On the other hand, societies of strong uncertainty aversion stress the strong need to control environment, events, and situations.

The societal norm of strong uncertainty aversion (i.e., strong risk/ambiguity avoidance) make individual members of the society increase the amount of product information search and postpone the decision making until all necessary information is satisfactorily collected. For example, according to Hofstede's national culture index,\textsuperscript{17} South Korea is a society of weak uncertainty aversion and the United States is a society of strong uncertainty aversion. Therefore, it is expected Korean consumers will show higher tendency to choose a


\textsuperscript{13} Niraj Dawar & Phillip Parker, Marketing Universals: Consumers' Use of Brand Name, Price, Physical Appearance, and Retailer Reputation as Signals of Product Quality, 58 J. Mktg. 81-95 (Apr. 1994).

\textsuperscript{14} Hofstede 1991, supra note 1, at 113.

\textsuperscript{15} Rita Margaretha Walczuch, Reducing the Negative Effects of Uncertainty Avoidance Using Group Support Systems, 1994 (unpublished doctoral dissertation, on file with the University of Georgia).

\textsuperscript{16} Hofstede 1980, supra note 8.

\textsuperscript{17} See Hofstede 1991, supra note 1; Hofstede 1980, supra note 8.
product than American consumers under the same amount of information given. Likewise, American consumers would discount the brand because it would feel more uncertainty in choice decision.

H2: There will be a significant effect of societal norm on purchase intention. A strong uncertainty aversion society will show lower purchase intention than a weak uncertainty aversion society.

**Consistency between Cultural and Individual Norm**

Business efforts are more effective when they address cultural characteristics. Based on a 10-country sample, Roth found the significant moderating effects of culture on the market share performance of brand image strategies. Brand image strategy performed well when the cultural conditions of the society fit the strategy executed. By the same token, store image is also expected to have a different impact on consumer persuasion under different cultures. When business efforts fit the culture they are targeting, their impact on persuasion will be greater or more noticeable.

However, one more factor that should not be ignored is the congruency between societal norm (i.e., culture) and individual norm (i.e., personal characteristics). Consumers whose personal norm matches social norm would show more favorable response to marketing efforts than those whose personal norm does not match social norm.

In a society of weak uncertainty aversion like Korea, consumers would use external cues (e.g., price, advertising, warranties, and store image) as the signal of quality more than consumers in a society of strong uncertainty aversion like the United States. In a society of weak uncertainty aversion, consumers of weak uncertainty aversion will make judgments more frequently based on heuristics than consumers of strong uncertainty aversion, because their behavior has less conflict with the societal norm, that is, is more acceptable in the society. They will show higher intention to buy a product when it is distributed through stores of prestigious image than through those of poor image. In contrast, the influence of distributing a product through high image stores will be less apparent among consumers of strong uncertainty aversion, because they are less comfortable with heuristics than are those of weak uncertainty aversion.

In a society of strong uncertainty aversion like the United States, consumers generally tend to be less affected by signals because they are data-driven and search some objective evidence. Without enough knowledge, they do not rush into easy inferences about missing or unclear information. In the culture of strong uncertainty aversion, clear information matters in changing a consumer’s behavior. For example, Ford and Smith found that American consumers discounted the price, accordingly, the quality of the experimental products when the prod-

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19 Martin S. Roth, supra note 6.

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Product information was uncertain. However, very acceptably, consumers of strong uncertainty aversion in a society of strong uncertainty aversion have trained themselves to collect the product information through their diligent on-going search using all possible tools and sources, and accordingly establish data-driven heuristics, not theory-driven heuristics like in a society of weak uncertainty aversion. Because stores of high image, in fact, provide better quality products, consumers of strong uncertainty aversion in a society of strong uncertainty aversion will be more persuaded when they are told that a product is available in prestigious stores.

Therefore, in Korea, whose norm is weak uncertainty aversion, consumers of weak uncertainty aversion will respond more favorably to store image than consumers of strong uncertainty aversion. In contrast, in the United States, whose norm is strong uncertainty aversion, consumers of strong uncertainty aversion will respond more favorably to store image than consumers of weak uncertainty aversion.

H3: The effect of store image and societal norm on purchase intention will depend on the consistency between individual norm and societal norm. Distributing a product through high store images will be more persuasive for the consumers whose norm is consistent with their societal norm.

METHOD

Design

Consumers' purchase intention was examined in a 2 (store image: high, low) x 2 (cultural uncertainty aversion: USA for strong, South Korea for weak) x 2 (individual uncertainty aversion: strong, weak) experimental design. All three factors were varied between subjects, which means that a participant was exposed to only one of the eight possible experimental situations (2 x 2 x 2).

Subjects

180 subjects were recruited from a major university in the United States and another 180 subjects from a major university in Korea. All subjects were enrolled in undergraduate programs but they were different in demographic aspects. American subjects had more female students (58.7%) than Korean subjects (41.3%), were older (23.8 years old on average) than Korean subjects (22.0 years old), and had less family members per household (3.30 people) than Korean subjects (4.13 people). Such a difference may be a natural reflection of the true university student populations of America and Korea to some degree because the samples were randomly selected within the sample universities. Because of incomplete data, six American subjects were dropped, which yielded a total sample size of 354 (174 Americans and 180 Koreans).

Store Image Manipulation

A scenario approach was used to manipulate store image (high, low) for a hypothetical new athletic shoe product. Athletic shoes were selected because industry research consistently found university subjects were primary buyers and consumers of athletic shoes. The scenarios for high and low store image were as follows:

**High Store Image Scenario:** An athletic shoe company is planning to launch a new brand of athletic shoes very soon. For the next five years, the company will continue the following strategy. It will distribute the brand through prestigious stores that carry high quality and well-known brands. There will be a small number of stores that carry the brand. Thus, customers will usually be able to purchase the brand at stores where they enjoy shopping.

**Low Store Image Scenario:** An athletic shoe company is planning to launch a new brand of athletic shoes very soon. For the next five years, the company will continue the following strategy. It will distribute the brand through all kinds of stores that may carry low quality and unknown brands. There will be a great number of stores that carry the brand. Thus, customers will usually be able to purchase the brand at stores where they may or may not enjoy shopping.

**Measure Items of Uncertainty Aversion and Purchase Intention**

As for uncertainty aversion, Yoo, Donthu, and Lenartowicz’s following five-item scale of uncertainty avoidance was used.

1. It is important to have instructions spelled out in detail so that I always know what I’m expected to do.
2. It is important to closely follow instructions and procedures.
3. Rules and regulations are important because they inform me of what is expected of me.
4. Standardized work procedures are helpful.
5. Instructions for operations are important.\(^{22}\)

The dependent variable, purchase intention, was measured by two items of “I would like to buy the new brand” and “I intend to purchase the new brand.” The items of both constructs were measured with 5-point Likert-type scales such that 1 = strongly disagree; 2 = slightly disagree; 3 = neither disagree nor agree; 4 = slightly agree; and 5 = strongly agree.\(^{23}\)

**Procedure**

Following Triandis, Malpass, and Davidson, an English-language questionnaire was first developed, then its Korean version was produced, and other four bilingual people of

\(^{22}\) Measuring Hofstede’s Five Dimensions, *supra* note 9.

\(^{23}\) *Id.*
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Korean and English languages back-translated and modified the Korean version to maximize the questionnaire translation equivalence. Translation and back-translation was repeated until a satisfactory version was made.

The Korean instrument was distributed to Korean subjects in Korea and the English instrument was distributed to American subjects in the United States. Each respondent was randomly assigned to either high or low store image scenario and asked to read the scenario and express their purchase intention of the experimental product. In the introduction section of the questionnaire, the purpose of the study was described and the importance of a respondent’s cooperation was emphasized. In addition, instructions reinforced that “there are no right or wrong answers; only your personal opinions matter” to minimize possible response bias

RESULTS

Manipulation Check

The manipulation check to store image was evaluated by one 5-point item of “the stores where I can buy the new brand will be prestigious.” The manipulation was successful: 3.80 for high store image and 2.15 for low store image (t = 18.31, p < .0001)

In our study, the five-item scale of uncertainty aversion reached satisfactory reliability (.81 for American subjects and .59 for Korean subjects). The composite score of the five items was 3.93 for the American sample and 3.85 for the Korean sample (t = 1.37, p < .08) and overall, the American subjects showed stronger uncertainty aversion than the Korean subjects.

Subjects were classified as strong or weak in uncertainty aversion on the basis of a mean split within the country they belonged to (i.e., strong if uncertainty aversion was greater than 3.93 for the Americans and 3.85 for the Koreans). Likewise, if the score was less than the country average, uncertainty aversion was coded as weak for the subjects. The difference between strong and weak uncertainty aversion groups was significant in each country (t = 14.89, p < .0001 for Americans and t = 16.58, p < .0001 for Koreans).

Hypothesis Testing and Discussion

The two-item scale of purchase intention formed a reliable persuasion index (.90 for Americans and .78 for Koreans). To test Hypotheses 1 and 2, analysis of variance was performed on purchase intention with two between-subjects factors: store image (high, low) and country (USA, Korea). See Table 1 for the summary. Results revealed a significant store image effect (F(1, 352) = 6.01, p < .02) and societal norm effect (F(1, 352) = 9.86, p < .001) on purchase intention. A paired comparison of cell means confirmed a significant store image effect (2.96 for high store image vs. 2.74 for low store image, t = 2.61, p < .01) and societal norm effect (2.68 for Americans vs. 3.02 for Koreans, t = 3.77, p < .001) on purchase intention. Korea, a weak uncertainty aversion society, showed significantly higher level of

25 Id.
purchase intention than the United States, a strong uncertainty aversion society. In summary, Hypotheses 1 and 2 were supported. A significant store image and societal uncertainty aversion norm effect on purchase intention existed.

**TABLE 1**

<table>
<thead>
<tr>
<th>Source of Variance</th>
<th>d.f.</th>
<th>Sum of Squares</th>
<th>F</th>
<th>Prob. &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store image</td>
<td>1</td>
<td>4.56</td>
<td>6.01</td>
<td>0.0147</td>
</tr>
<tr>
<td>Country</td>
<td>1</td>
<td>9.86</td>
<td>12.98</td>
<td>0.0004</td>
</tr>
<tr>
<td>Store image X country</td>
<td>1</td>
<td>2.78</td>
<td>3.66</td>
<td>0.0564</td>
</tr>
</tbody>
</table>

To test Hypothesis 3, analysis of variance was performed on purchase intention with three between-subjects factors: store image (high, low), societal uncertainty aversion norm (USA, Korea), and individual uncertainty aversion (strong, weak). As summarized in Table 2, the results of the three-factor design revealed a significant interaction effect of store image, country, and uncertainty aversion on purchase intention (F(1,352) = 5.61, p < .02). When individual norm was consistent with societal norm (i.e., strong uncertainty aversion in the United States and weak uncertainty aversion in Korea), the effect of store image on purchase intention was greater than when individual norm was not consistent with societal norm (i.e., weak uncertainty aversion in the United States and strong uncertainty aversion in Korea). As shown in Table 3, store image was more persuasive in the societal and individual norm consistency condition than in the societal and individual norm inconsistency condition. Therefore, Hypothesis 3 was supported.

**TABLE 2**

<table>
<thead>
<tr>
<th>Source of Variance</th>
<th>d.f.</th>
<th>Sum of Squares</th>
<th>F</th>
<th>Prob. &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store image</td>
<td>1</td>
<td>4.34</td>
<td>5.76</td>
<td>0.0169</td>
</tr>
<tr>
<td>Country</td>
<td>1</td>
<td>9.39</td>
<td>12.46</td>
<td>0.0005</td>
</tr>
<tr>
<td>Uncertainty aversion</td>
<td>1</td>
<td>0.18</td>
<td>0.24</td>
<td>0.6242</td>
</tr>
<tr>
<td>Store image X country</td>
<td>1</td>
<td>3.24</td>
<td>4.31</td>
<td>0.0387</td>
</tr>
<tr>
<td>Store image X uncertainty aversion</td>
<td>1</td>
<td>0.37</td>
<td>0.05</td>
<td>0.8251</td>
</tr>
<tr>
<td>Uncertainty aversion X country</td>
<td>1</td>
<td>1.12</td>
<td>1.49</td>
<td>0.2238</td>
</tr>
<tr>
<td>Store image X country X uncertainty aversion</td>
<td>1</td>
<td>4.22</td>
<td>5.61</td>
<td>0.0184</td>
</tr>
</tbody>
</table>

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**TABLE 3**

<table>
<thead>
<tr>
<th>Store Image</th>
<th>Country</th>
<th>Uncertainty Aversion</th>
<th>n</th>
<th>Mean</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>USA</td>
<td>Strong</td>
<td>48</td>
<td>2.75</td>
<td>0.91</td>
</tr>
<tr>
<td>High</td>
<td>USA</td>
<td>Weak</td>
<td>38</td>
<td>2.62</td>
<td>0.79</td>
</tr>
<tr>
<td>High</td>
<td>Korea</td>
<td>Strong</td>
<td>49</td>
<td>3.16</td>
<td>0.90</td>
</tr>
<tr>
<td>High</td>
<td>Korea</td>
<td>Weak</td>
<td>43</td>
<td>2.99</td>
<td>0.76</td>
</tr>
<tr>
<td>Low</td>
<td>USA</td>
<td>Strong</td>
<td>48</td>
<td>2.52</td>
<td>0.87</td>
</tr>
<tr>
<td>Low</td>
<td>USA</td>
<td>Weak</td>
<td>40</td>
<td>2.79</td>
<td>0.93</td>
</tr>
<tr>
<td>Low</td>
<td>Korea</td>
<td>Strong</td>
<td>49</td>
<td>3.24</td>
<td>0.85</td>
</tr>
<tr>
<td>Low</td>
<td>Korea</td>
<td>Weak</td>
<td>39</td>
<td>2.59</td>
<td>0.91</td>
</tr>
</tbody>
</table>

**CONCLUSION**

The purpose of this study was to examine individually consistent versus inconsistent effects of store image and societal uncertainty aversion norm on purchase intention. Also, the main effects of store image and societal uncertainty aversion norm were explored.

Results revealed that store image, which was used an extrinsic cue of product quality, increased purchase intention. Distributing a product through high image stores would be successful in persuading consumers in the international market. Also, societal norm of uncertainty aversion showed a significant effect on purchase intention. Korea, a weak uncertainty aversion society, showed greater purchase intention of the experimental product than the United States, a strong uncertainty aversion society. This result supported our theorizing that consumers of a weak uncertainty aversion society would accept risk and ambiguity with less hesitation and discomfort while those of a strong uncertainty aversion society would postpone their choice decision until they collect more information to increase their understanding. This supports that one promising international business strategy across cultures should be conducted through appropriate adjustments to local cultural characteristics.\(^{27}\) Even though it was not hypothesized, the analysis revealed a marginal interaction between store image and country (F(1,352) = 3.66, p < .06) as summarized in Table 1.

The consistency between social norm and individual norm in uncertainty aversion showed a significant interaction effect on the store image-purchase intention linkage. When individual norm was congruent with social norm, the effect of store image on purchase intention was stronger. This finding implies that marketers need to see an international (and domestic) market consist of two segments: individual-culture congruent group and individual-culture incongruent group. The individual-culture congruent group of consumers is more likely to respond to business efforts in a way marketers predict than the individual-culture incongruent group of consumers.

Managerial Implications

The findings provide very important implications to international managers. First, quality matters in any market, domestic or international. Managers should increase all types of quality: tangible, intangible, and perceptual. Quality of tangibles requires corporations to work on workmanship, quality control, reliability, durability, new product development, and product design and engineering. Quality of intangibles demands a good management of post-purchase services, warranty, insurance, and refund and exchange policy. Finally, perceived quality, which is more important than the other two types of objective quality, is judged solely by customers. It will be more favorable when the product matches or exceeds customer expectations. Therefore, marketing efforts to learn through market research what customers expect and to change customer comprehension of the product features and image become pivotal to the success. In summary, marketing, research and development, and engineering must collaborate to deliver quality products.

Second, international business strategy must consider not just the host country’s culture but also the level of its consistency with individual customers’ cultural orientation in their effort to appeal to the international market. This contrasts a typical formulae for international business strategy, which refers to the notion that a high-technology product at affordable price will enjoy success regardless geographic and cultural differences. 28 For example, if citizens are relatively homogeneous in cultural orientation and similar to their national culture, the product adaptation will be simpler because the whole nation can be treated as one culture. But if they are very heterogeneous among themselves in cultural orientation, managers should recognize two distinct submarkets related to the national culture (culture-congruent and culture-incongruent markets) and customize the products to each of them. In addition, as culture is multifaceted 29 major characteristics of national culture need to be identified, and cultural orientations of individuals should evaluated from those characteristics.

29 Hofstede 1980, supra note 8.