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# Targeting East Asian markets: A comparative study on national identity

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**Abstract** With the increasing number of international marketers who are looking at Asia for its relatively untapped marketplace, a national identity study can provide the necessary insights to assist them in their marketing strategies and approach formulation. The national identity 'NATID' framework developed by Keillor and Hult<sup>1</sup> is used in this study to measure the level of emphasis on four East Asian countries, namely: South Korea, Taiwan, Thailand and Singapore. The underlying dimensions include: national heritage, cultural homogeneity, belief system and consumer ethnocentrism. Thailand and Singapore are identified to be the countries with the strongest and weakest national identity respectively. The combined NATID rankings of six Asian countries (findings for Japan and Hong Kong adapted from Keillor and Hult<sup>2</sup>) presented in this study provide an overall picture of the uneven state of the Asian market. This study strongly supports the validity of Keillor and Hult's<sup>3</sup> national identity framework; which has been demonstrated to be a systematic and practical tool for international segmentation.

## INTRODUCTION

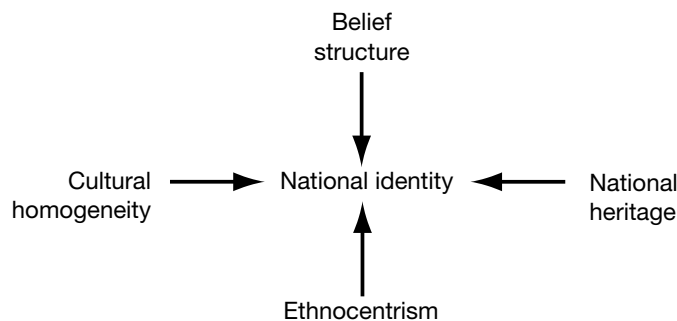
### National and cultural differences

Research into national and cultural differences is not only of great academic interest but also of practical and managerial importance. The concepts of national culture,<sup>4-6</sup> national characteristics<sup>7,8</sup> and national character<sup>9-11</sup> are good examples. They all attempt to establish a framework within which national and cultural differences between two or more countries can be assessed and placed into a practical context. This

helps to facilitate the use of established marketing strategies (such as Porter's three generic strategies) and the approach to international business and marketing planning.<sup>12</sup>

There are mixed views of the research into national and cultural differences. Hsu criticised the irrationality and inaccuracy of judgments and assessments of nations.<sup>13</sup> Peabody felt that assessment of national character is based on racism, ethnocentrism and discrimination.<sup>14</sup> On the other hand, Levitt argued that due

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**Figure 1** Dimensions of national identity

to the globalisation process, differences in national cultures, national tastes and standards have ceased to exist.<sup>15</sup>

The majority of others<sup>16–19</sup> continue to believe, however, that national and cultural differences have significant value and validity for use in international marketing. Clark accentuates the value and validity of a systematic study of national character based on the following observations: (1) national differences do exist, (2) national differences can be observed and tabulated, and (3) observed national differences have a significant bearing on the behaviour of both consumers and marketing decision makers.<sup>20</sup> Any value judgment that is attached to the observed differences is inadmissible.

Many researchers have traditionally relied on two approaches towards entry into international markets. The first is the consumer ethnocentrism scale or ‘CETSCALE’,<sup>21</sup> measuring the ethnocentric tendencies of geographical segments. The second approach is the cultural framework as proposed by Hofstede which studies the degree of patriotism, power distance, uncertainty avoidance and individualism/collectivism between two or more cultures.<sup>22,23</sup> Neither approach, however, is sufficiently comprehensive to address the national and cultural difference between countries in a systematic and generalised fashion.<sup>24</sup>

### The National Identity Measure

Building on the national identity framework that comprises belief structure, cultural homogeneity, national heritage and ethnocentrism as proposed by Huntington,<sup>25</sup> the National Identity Measure (NATID) framework by Keillor and Hult<sup>26</sup> considers the influence of behavioural and personality characteristics on the international marketing environment. Figure 1 presents the NATID framework.

Three items represent national heritage, four cultural homogeneity, five the belief system and five consumer ethnocentrism (see Table 1). The 17-item scale developed using the US sample (sample size of 167) was subjected to further testing by including samples from Japan (sample size of 248), Sweden (sample size of 129), Hong Kong (sample size of 234) and Mexico (sample size of 183). The final 17-item NATID was statistically accepted as both reliable and valid based on Keillor and Hult.<sup>27</sup>

### The Asian market

Asia is the home of the world’s most dynamic markets representing 25 per cent of the world economy and nearly 50 per cent of the world’s population.<sup>28</sup> In light of this importance, there is a need to establish a marketing theory specific to this region. The Asian market

**Table 1:** The national identity scale

<p><b>National heritage</b></p> <ol style="list-style-type: none"> <li>1 Important people from the country's past are admired by people today</li> <li>2 One of the USA's strength is that it emphasises events of historical importance</li> <li>3 The USA has a strong historical heritage</li> </ol> <p><b>Cultural homogeneity</b></p> <ol style="list-style-type: none"> <li>1 An American possesses certain cultural attributes that other people do not possess</li> <li>2 Americans in general feel that they come from a common historical background</li> <li>3 Americans are proud of their nationality</li> <li>4 People frequently engage in activities that identify them as American</li> </ol> <p><b>Belief system</b></p> <ol style="list-style-type: none"> <li>1 A specific religious philosophy is what makes a person uniquely American</li> <li>2 It is impossible for an individual to be truly American without taking part in some form of religious activity</li> <li>3 Religious education is essential to preserve the cohesiveness of the American society</li> <li>4 A specific religious philosophy is not an important part of being American</li> <li>5 A true American would never reject their religious belief</li> </ol> <p><b>Consumer ethnocentrism</b></p> <ol style="list-style-type: none"> <li>1 We should purchase products manufactured in the USA instead of letting other countries get rich off us</li> <li>2 It is always best to purchase American products</li> <li>3 Americans should not buy foreign products because it hurts American business and causes unemployment</li> <li>4 It may cost me in the long run but I prefer to support American products</li> <li>5 Only those products that are unavailable in the USA should be imported</li> </ol>
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conditions, however, vary considerably from one country to another. As such, the levels of economic, industrial and social development range widely. The similarities and differences between the various Asian nations and cultures often present a great challenge to the creation and implementation of marketing strategies. Western marketers perceive Asian countries to be relatively similar, basing their assumptions on similarities of values between countries (influenced by the teachings of Confucianism and Buddhism) or heritage (derived from common historical events such as European colonisation or Japanese occupation of countries).<sup>29,30</sup> The reality of the situation, however, deviates from this perception.

Extending the NATID framework to four selected countries, specifically South Korea, Taiwan, Thailand and Singapore, provides insights for marketing approaches or strategies for businesses entering these Asian countries. The four countries represent diversity in ethnicity

and different levels of social, cultural and technological development. The following section describes the characteristics of the four chosen countries.

### South Korea

Korea has managed to turn itself into an industrialised nation and become the 11th largest economic power in the world.<sup>31</sup> In 1997, however, South Korea was involved in a serious financial crisis. This was caused by a massive outflow of foreign capital, triggered by the collapse of the Thai baht. This forced the South Korean government to seek assistance from the International Monetary Fund (IMF), hence the nation experienced times similar to that of the post-Korean war era.

Psychologists in Korea explain that Korea's hardship-ridden history is a factor in forming the unique *Han* psyche among Koreans. The word *Han* integrates many complex elements of emotion such as: frustration, sadness,

anger, regret and deprivation.<sup>32</sup> The shared experience of hardship and tribulations has also bred a deep-seated 'us-versus-them' mentality. This way of looking at the world is captured in the word *Uri* (translated as we, us or ours). In modern South Korea, the word *Uri* has come to mean 'our country first'.<sup>33</sup>

At the peak of the Asian crisis, the plunge in consumer spending hurt both domestic and foreign brands. Only foreign brands, however, suffered the effects of both frugality and economic nationalism.<sup>34</sup> As a result, many foreign producers were seen leaving the Korean market (for example Swiss Air closed its Korean office), while remaining foreign brands struggled to cope with the Korean psyche. The concept of consumer nationalism was well represented by the desire to avoid imports and buy South Korean products exclusively. It becomes a moral imperative to make 'consumer choices that are in the best interest of the nation', according to Nelson.<sup>35</sup>

While it can be expected that the eventual Korean sample would produce high scores for national heritage and cultural homogeneity, it remains questionable as to how much emphasis modern-day Koreans would place on the belief system.

#### Taiwan

The Republic of China (ROC) more commonly known as Taiwan, was formed by the initial 2 million nationalists who left mainland China following the communist victory on the mainland in 1949 (mainland China is known as the People's Republic of China, PRC). The Taiwanese ruling authorities spent the next 50 years gradually democratising, industrialising and prospering to become one of the four East Asia economic dragons, along with Korea, Hong Kong and Singapore. In essence, the Taiwanese national

identity debate is a struggle between Chinese nationalism (pro-unification with mainland China) and Taiwanese nationalism (pro-independence from mainland China).<sup>36</sup> There appears to be divided sentiment in Taiwan. Also described as 'political nationalism',<sup>37</sup> it has had an impact on the consumer ethnocentrism dimension. Despite this, there is little relevance to Keillor and Hult's<sup>38</sup> National Identity framework.

Taiwan is made up of 98 per cent 'Chinese'. Taiwan may not, however, present a high score for the national heritage dimension or cultural homogeneity dimension. The ethnic group definition is merely a matter of blood and descent. Close examination of the Taiwanese-Chinese would reveal that there is a different degree of 'Chineseness' among them.<sup>39</sup> First, there is the group which has migrated from China in comparison to the group born on the island itself. These two groups are exposed to very different political and social environments during childhood. Secondly, there is a majority who are heavily influenced by the Japanese culture (Taiwan was under Japanese occupation for 50 years). In comparison, another substantial group is heavily influenced by American culture, due to the strong American military presence in the 1950s and 1960s. In addition, the USA has been and is still the favourite destination for education among the Taiwanese. As part of its effort to gain entry into the General Agreement on Tariffs and Trade (GATT), Taiwan is increasingly internationalising and opening up its economy, hence the emergence of Taiwanese cosmopolitans. It is of great interest to investigate the national heritage and cultural homogeneity scores for this sample. Basically, respondents are by and large 'Chinese' but with a different degree of 'Chineseness'.

### Thailand

Thailand is the only Southeast Asian country that has avoided European/Western colonial domination. For a period of over 400 years, the Thais have been in a land acquisition war with the *Farangs* (which is the Thai word for foreigner, mainly referring to Americans and Europeans). The early 1990s represented the golden years for Thailand when it achieved great industrial and financial success. The Thai baht, however, crashed as a result of Western currency trading speculations. The subsequent US\$17bn rescue package from the International Monetary Fund (IMF) initiated a big liberalisation of the Thai market, a condition for the disbursement of funds.

With its long and unique history, Thailand has a strong national heritage. The years of war with potential Western colonialists and the financial crisis may result in a strong sense of patriotism, nationalism and ethnocentrism among Thais.

Out of the 61.8 million Thai population,<sup>40</sup> 95 per cent are Buddhists while the remaining 5 per cent are Muslims, Christians, Hindus and Sikhs. Given the dominant Buddhist belief association with Thailand, Thai respondents are expected to place high importance on the belief system. The high Thai ethnic proportion was also expected to generate a high cultural homogeneity score. With potentially high scores for all four dimensions of the NATID, it can be hypothesised that the Thai sample would have a high NATID score.

### Singapore

A mainly migrant society, the unique Singapore society presents a country in which different races live together, but do not share a common identity. The loyalties of the inhabitants still lie with

their lands of origin. Singapore has achieved tremendous economic success and has attained the status of a 'developed country'. This is a first among Asian countries. The sense of national identity among Singaporeans remains weak however. It has always been, and still remains, a crucial task of the Singapore government to bond the three major ethnic groups together. The hope is to cultivate a common national culture and a distinct sense of national identity.

The Singaporean economy has been open and global since the colonial years, thus exposing its people to vast international cultures and products. With the lack of national identity, it also lacks a sense of patriotism towards the country. In the late 1980s, more than 1,400 Singaporeans emigrated to Australia annually.<sup>41</sup>

There is a large diversity of religions, namely: Buddhists, Taoists, Muslims, Christians, Catholics, Hindus and Sikhs. It is of interest to find out what the Singaporean sample would score for the national heritage dimension of the NATID measure.

### Research objectives

Building on the preceding discussion, the objectives of this research are threefold.

First, its purpose is to measure the national identities of South Korea, Taiwan, Thailand and Singapore using the NATID framework developed by Keillor and Hult.<sup>42</sup> Secondly, it is to compare the above results with Hong Kong and Japan, as measured by Keillor and Hult's study. Thirdly, it is to consider the differences and similarities of the various dimensions and their impact on international marketing strategy. It is hoped that these constructs can be applied as a method for international segmentation.

**Table 2:** National identity scores for South Korea, Taiwan, Thailand and Singapore

Projected sample size, N	Korea (N ≈ 184)	Taiwan (N ≈ 124)	Thailand (N ≈ 126)	Singapore (N ≈ 131)
National heritage	4.93 (0.85)	4.55 (1.10)	5.30 (0.94)	3.63 (1.08)
Cultural homogeneity	4.85 (0.77)	4.33 (0.92)	4.98 (1.45)	4.52 (1.23)
Belief system	3.73 (1.00)	3.80 (0.91)	4.38 (0.71)	3.60 (1.72)
Consumer ethnocentrism	4.33 (1.11)	3.88 (1.04)	4.93 (1.13)	3.36 (1.00)
Overall national identity	17.84 (2.48)	16.57 (2.69)	19.59 (2.40)	15.11 (2.06)

## RESEARCH DESIGN

By adopting the research conducted by Keillor and Hult,<sup>43</sup> the research design was cross-sectional in nature. The survey instrument was divided into two sections. The first section presented the national identity measure as described in the literature. The 17 Likert-type statements ranged from 'strongly agree' to 'strongly disagree' on the five-point scale. The second section consisted of basic demographics. The survey instrument was translated into the national languages of the respective countries. That is, Korean for South Korea, Chinese for Taiwan, Thai for Thailand and English for the Singaporean sample. In the same vein, all the scales were adapted for use in the respective countries. For instance, for the Singaporean sample, the item 'The USA has a strong historical heritage' was written as 'Singapore has a strong historical heritage'.

A mixture of mall intercepts and convenience sampling of university students was used to collect data in the four countries. This was dependent on the resources available for each country. Interviewers were recruited and briefed by the researchers. For mall intercepts, every fifth person who walked past a designated point was requested for an interview.<sup>44</sup> A total of 565 completed survey forms deemed usable was used for the analysis. One hundred and

eighty-four (104 male and 80 female) responses in South Korea were collected through mall intercept at two department stores in Seoul and Pusan. One hundred and twenty-six responses (60 males and 66 females) were collected through a convenience sample in a major university in Thailand. In Taiwan, 124 responses (56 male and 68 female) were collected through a mall intercept in three major department stores in Taipei. Finally, 131 responses (66 male and 65 female) were collected in Singapore through a convenience method using student samples in a major university.

## DATA ANALYSIS

The means of the respective dimensions of the four countries are presented in Table 2.

The NATID scores obtained for the four countries ranged from 15.11 to 19.59, with the standard deviation ranging from 2.06 to 2.69. The mean NATID value from all four countries was 17.28 with a standard deviation of 2.89. A close examination of the distribution of the NATID values revealed that it is possible to classify them into five sections by singling out the top, middle and bottom 15 per cent of the normal probability distribution. The topmost ('extremely strong') and bottommost ('extremely weak') 15 per cent of the

**Table 3:** Classifications of NATID scores

NATID score classifications	Range of NATID score (Mean score = 17.28)	% of probabilities	Deviations from mean (standard deviations, $\sigma = 2.89$ )
Extremely strong	NATID $\geq 20.26$	$\leq 15$	1.036 $\sigma$ above mean
Strong	17.63 $\geq$ NATID $< 20.26$	$< 27.5$	
Neither strong nor weak	16.90 $\leq$ NATID $\leq 17.63$	$\leq 15$	0.189 $\sigma$ above and below mean
Weak	16.19 $<$ NATID $< 16.90$	$< 27.5$	
Extremely weak	NATID $\leq 16.19$	$\leq 15$	1.036 $\sigma$ below mean

distribution correspond to [1.036] standard deviations from the mean, for the four-country sample. The middle 15 per cent scores which were within the range of [0.189] standard deviations were considered as ‘neither strong nor weak’ in the national identity. The remaining two areas ( $< 25.5$  per cent each) that correspond to the NATID score range from 17.63 to 20.26 and 16.19 to 16.90, were classified as ‘strong’ and ‘weak’ respectively. Table 3 gives an illustration of the classifications.

This classification definition is different from the one used by Keillor and Hult<sup>45</sup> in which absolute [0.5], [1.5] and [2.5] standard deviations were used as ‘cut-offs’ to divide the distribution into seven classifications (ie ‘extremely weak’, ‘somewhat weak’, ‘weak’, ‘neither strong nor weak’, ‘somewhat strong’, ‘strong’ and ‘extremely strong’). The five-country sample was eventually, however, only assigned three of these classifications, including: ‘neither strong nor weak’, ‘somewhat strong’ and ‘somewhat weak’. Thus, it was decided that the five classifications as shown in Table 2 are more than adequate to differentiate the NATID scores for this four-country sample.

Calculated values of [1.036]  $\alpha$  and [0.189]  $\alpha$  were used instead of the ‘absolute’ value as suggested by Keillor and Hult<sup>46</sup> because it corresponded to topmost, middle and bottommost 15 per cent of the distribution. The following findings were made.

**Strongest national identity: Thailand**

Thailand tops all four first order dimensions for national heritage (5.30), cultural homogeneity (4.98), belief system (4.38) and consumer ethnocentrism (4.93). As a result, Thailand exhibited the highest level of overall national identity with the NATID score of 19.59. This is very close to the cut-off score of 20.26 for the ‘extremely strong’ classification. While its cultural homogeneity score is close to that of Korea, it has distinctly strong national heritage, belief system and consumer ethnocentrism scores in comparison to the other three countries in the study.

**Relatively strong national identity: South Korea**

South Korea is the second strongest in terms of national identity with a score of 17.84. The score puts South Korea as a nation with ‘strong’ national identity. In addition, it produced high results on three of the first order dimensions, namely national heritage, cultural homogeneity and consumer ethnocentrism. It is also important to note that South Korea does not have a significantly different belief system in comparison to Taiwan and Singapore.

**Weak national identity: Taiwan**

The Taiwanese respondents showed a ‘weak’ sense of national identity with a

**Table 4:** Ranking of national heritage, cultural homogeneity, belief system, consumer ethnocentrism and NATID scores of Asian countries in relation to the USA

Country	National heritage score	Cultural homogeneity score	Belief system score	Consumer ethnocentrism score	NATID score
Thailand	5.30	4.98	4.38	4.93	19.59
USA	5.15*	4.92*	3.49*	3.88*	17.44*
Korea	4.93	4.85	3.73	4.33	17.84
Japan	4.90*	4.73*	2.80*	2.37*	14.79*
Taiwan	4.55	4.33	3.80	3.88	16.57
Hong Kong	4.14*	3.92*	2.82*	4.36*	15.22*
Singapore	3.63	4.52	3.60	3.36	15.11

\*Extracted from Keillor and Hult (1999)

**Table 5:** Relative Z value computed from the cultural homogeneity score of Japan, Korea, USA and Thailand

	Japan	Korea	USA	Thailand
Japan	–	–1.37	–1.84	–1.68
Korea	1.37	–	–0.69	–0.87
USA	1.84	0.69	–	–0.39
Thailand	1.68	0.87	0.39	–

score of 16.57. An analysis of the composition of the Taiwanese national identity dimensions showed that only the national heritage and consumer ethnocentrism influences were significantly higher those of Singapore. Results suggest, however, that it has an equally weak cultural homogeneity influence in comparison to Singapore and an equally weak belief system influence as Korea and Singapore.

#### **Weakest national identity: Singapore**

The Singaporean sample exhibited the lowest level of overall national identity, with a NATID score of 15.11. Singapore thus falls within the ‘extremely weak’ category. Singapore has a particularly weak score in the dimension of national heritage and consumer ethnocentrism.

Keillor and Hult’s<sup>47</sup> scores are compared with this present study. The three countries chosen were Hong Kong and Japan (both Asian countries) and the USA (for benchmarking purposes). Table

4 tabulates all the necessary data for the following key observations.

#### **National heritage**

Thailand had the strongest emphasis on national heritage. This is even stronger than the US sample. Singapore is the weakest among the six Asian countries. Korea and Japan had a relatively similar ‘strong’ emphasis on national heritage.

#### **Cultural homogeneity**

Thailand, Korea and Japan exhibited equally strong emphasis on cultural homogeneity in comparison with the USA. Singapore and Taiwan have a similarly weak emphasis on this dimension. Hong Kong has the weakest among the six Asian countries.

#### **Belief system**

Thailand has exhibited significantly higher emphasis on belief system in



comparison with the rest of the countries. Taiwan, Korea and Singapore place similar emphasis on their belief systems. Hong Kong and Japan have a relatively similar 'weak' emphasis on this dimension.

**Consumer ethnocentrism**

Thailand has the strongest emphasis on consumer ethnocentrism, while Japan is the weakest among the six Asian countries. Hong Kong and Korea share an equally strong emphasis on consumer ethnocentrism. The level in Taiwan is identical to that of the USA.

Overall, Thailand has the highest overall NATID score after leading in all of the four first order dimensions. Interestingly, Hong Kong, Singapore and Japan exhibited the same low level of emphasis on national identity.

**DISCUSSION**

**General comments**

South Korea: pride for their nation is derived from continuous success in overcoming adversity and their current economic superiority. This probably explains the high cultural homogeneity score. The long and adverse Korean history also contributed to the nation's relatively strong emphasis on the dimension of national heritage. It is no different from its traditional rival, Japan. As the population's religious make-up is almost equally divided between Christianity and Buddhism, Korean respondents did not report a distinctly high score in the belief system. The 'Buy Korean' campaign against many foreign brands in Korea during the Asian economic crisis<sup>48</sup> accounts for the high consumer ethnocentrism score. The Korean and Hong Kong respondents share the same level of consumer

**Table 6:** Relative Z value computed from the NATID score of Japan, Singapore and Hong Kong

	Japan	Singapore	Hong Kong
Japan	–	–1.22	–1.70
Singapore	1.22	–	–0.50
Hong Kong	1.70	0.50	–

ethnocentrism for perhaps the same reason. That is, the realisation of their country's economic frailty. The economic instability for the Koreans could be attributed to the recent financial crisis. For Hong Kong, it could be due to the country's handover from the UK to the People's Republic of China.<sup>49</sup>

Taiwan: the Taiwanese sample reported a national identity level in the 'middle ground' category. One interpretation could be that Taiwan's current 'pro-independence', 'pro-unification' and 'pro-status quo' struggle has a profound influence on the nation's attitude towards cultural homogeneity. It is indeed surprising that the different degree of 'Chineseness'<sup>50</sup> among the majority Taiwanese 'single ethnic group of Chinese' population can result in a cultural homogeneity score that is as low as the multiracial Singaporean sample. Taiwanese respondents have placed an average emphasis on the belief system dimension (same level as Korea and Singapore). This can be considered typical of a nation with diversified religions. The consumer ethnocentrism dimension was somewhat less emphasised by the Taiwanese sample. This perhaps verifies that the Taiwanese generally do not perceive a high level of foreign threat, even though its market is quite open to foreign products.

Thailand: in the study, Thailand exhibited the highest score in all four dimensions, namely national identity, national heritage, belief system and consumer ethnocentrism. As one of the rare Buddhist nations in the world, the

survey confirmed that religion or belief system is an extremely important dimension for the Thais. The significantly high level of consumer ethnocentric tendencies is a consequence of both their patriotism and nationalism.<sup>51,52</sup> A majority of the Thais sees that part of its duty to nation is to protect and support its economy and domestic producers. Thais are also likely to try and prevent an influx of foreign products, if they are perceived to be harmful to their country's economy. Being the only country in the region that has never been colonised, the Thais have developed a great sense of national pride. With a large homogeneous population of a 'single ethnic group', Thai respondents placed a high emphasis on cultural homogeneity, similar to those of the Koreans and Japanese.

Singapore: being a young nation, it is no surprise that it has the lowest score for the dimension of national heritage. The three major races, Chinese, Malays and Indians, are descendants of diverse historical, cultural and geographical backgrounds. This explains the relatively weak emphasis on cultural homogeneity, despite the fact that most Singaporeans are proud of their nation's economic achievements. Due to scarcity of natural resources and land, coupled with its small domestic market, it is not viable for a wide range of products to be manufactured in Singapore. Thus, the city-state is exposed to many foreign products. Singapore also exhibits a vast array of diverse religions. It is therefore not surprising that there is a low level of consumer ethnocentric tendencies among Singaporean respondents.

#### **Implications for international marketers**

The NATID scores can be a useful tool for investors considering the Asian markets. Generally, countries with a

relatively weak sense of national identity coupled with a low ethnocentric tendency (such as Singapore), can be used as a 'springboard' market for launching a new product. Being less prone to view foreign firms as threats, new products can be attracted by a campaign that emphasises the allure of foreign luxuries and cultures. There is a higher chance that the product will be successful with minimum adaptation, hence, investment cost and risk can be reduced. In addition, the similarities and differences in national heritage, cultural homogeneity, belief system or consumer ethnocentrism, will provide an indication of how much standardisation or customisation has to be made for each of the countries.

Shimp and Sharma have shown that more 'ethnocentric' consumers are less likely to purchase foreign products.<sup>53</sup> When introducing new products in a country with a high degree of consumer ethnocentrism (such as Thailand, Hong Kong and Korea), it is important to position the product as one that is not economically threatening to the nation. Companies need to market themselves as good and responsible corporate citizens committed to adopting a long-term horizon in their marketing planning. A successful example from Korea illustrates this. According to Shim and Lee, Kentucky Fried Chicken, the American fried chicken franchise, is able to survive the highly ethnocentric Korean market by communicating to customers that the 'finger licking good' chicken served is 100 per cent homegrown in Korea.<sup>54</sup>

Another implication of the findings is the relatively high cultural homogeneity and national heritage scores reported by Japan, Korea and Thailand. A foreign marketer may attempt to convey to consumers that it recognise their nation's 'superiority' and that its products do not impose any threat to this 'superiority'.

Advertisements or promotional materials pitched by national symbol, colour or heroes may prove to be effective for these countries.

The belief system dimension is a sensitive issue. For a country with a high degree of emphasis on this dimension (like Thailand), international marketers will have to exercise care not to antagonise their religious sentiments. A good example would be the blunder that McDonalds made in its British advertising campaign during the 1994 World Cup. The flags of the 24 participating countries, including that of Saudi Arabia, were printed on its paper takeout bags. But the Saudi flag includes a sacred inscription that reads 'There is no God but Allah, and Mohamed is His Prophet'. This offended Muslims in Saudi Arabia, and other countries, who felt that Islam had been insulted by including the name of Allah on a container that would be thrown into dustbins.<sup>55</sup>

There have been many attempts at international segmentation classification. Rostow<sup>56</sup> attempted to differentiate countries according to their degree of economic development. Dichter grouped countries according to their size and development of the middle class in a country.<sup>57</sup> Both these approaches are somewhat arbitrary and overly simplistic. Other international segmentation options, according to Samli and Hassan, were either too complex (involving too many micro and macro variables) or simply inadequate.<sup>58,59</sup> This study offers another alternative. In particular, the focus on Asian countries as a cluster provides a more regional approach.

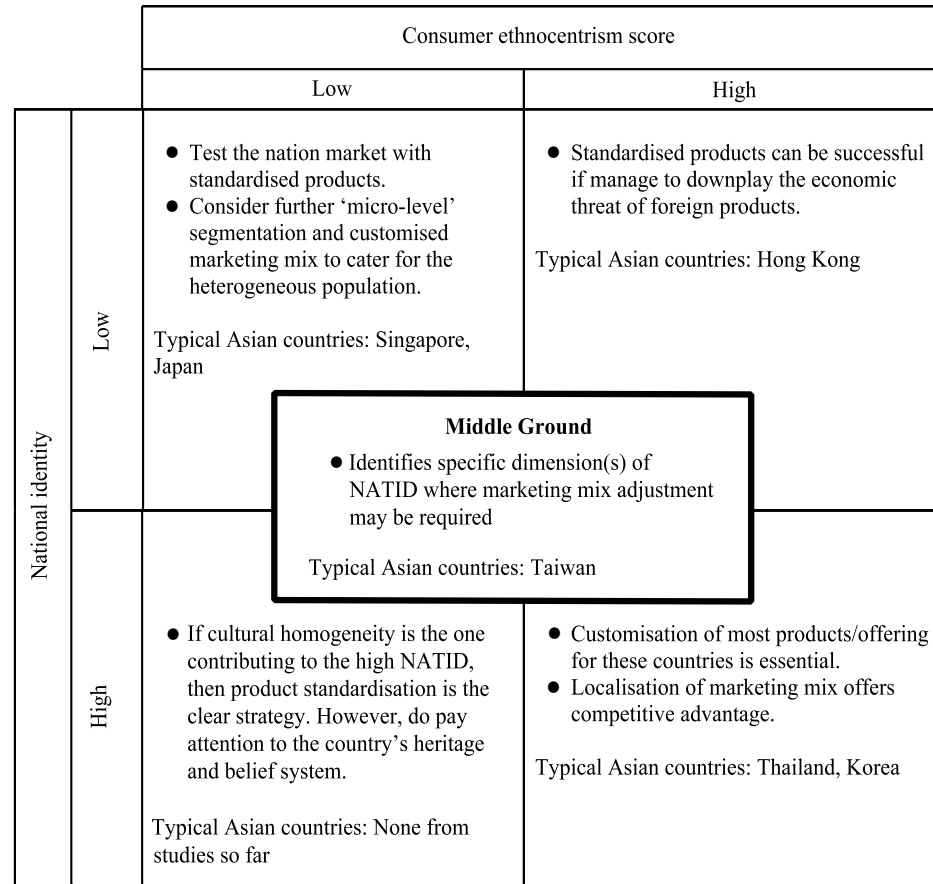
The score for the national heritage and belief system dimensions would serve as a good basis for the formulation of promotional programmes. It may, however, have little or no direct significance for international

segmentation. Hence attention can be focused on the NATID score and the consumer ethnocentrism dimension for the purpose of nation-market segmentation. By constructing the national identity versus consumer ethnocentrism matrix, all the Asian countries studied can be placed in the five segments. Respective product strategies can be recommended. Figure 2 reflects this matrix.

For the high NATID-high consumer ethnocentrism segment, such as Thailand and Korea, entering the market with a customised product coupled with a high level of local content, offers a tremendous competitive advantage. Companies' efforts in customising and localising would be well appreciated by the nation-markets that exhibit strong national identity and consumer ethnocentrism.

For the low NATID-high consumer ethnocentrism segment (Hong Kong), although the nation-market does not exhibit a high level of national identity, one must not ignore its ethnocentric tendencies. This segment is less prone to viewing foreign companies as threats. Standardised products have a good chance of being successful. Emphasis has to be given to downplaying the economic threat of foreign products and to highlighting any contribution to the nation-market's society in promotional campaigns.

The high NATID-low consumer ethnocentrism segment gives a clear indication that the nation-market depends on one or more other dimension(s) of national identity. If the nation-market is strong in cultural homogeneity then an ideal nation-market is identified. This is especially so if it is highly homogeneous coupled with a low level of emphasis on consumer ethnocentrism. There is, however, a need to identify other attributes, such as historical heritage or



**Figure 2** Using the NATID vs consumer ethnocentrism matrix as a means of segmenting Asian countries

religious philosophy that the nation-market values. Standardised products can be offered successfully with an adjusted marketing mix.

For the low NATID–low consumer ethnocentrism segment (such as Singapore and Japan), one may argue that standardised products are likely to be successful for such nation–markets that exhibit low national identity coupled with low consumer ethnocentrism. It should not, however, be ignored that such a nation–market is weak in the cultural homogeneity dimension. Applying standardised products for a heterogeneous market may generate disappointing marketing results. Hence it is advisable to identify additional segmentation variables based upon

microlevel criteria such as lifestyle demographics and religious background.

The middle ground segment (such as Taiwan) is the segment where there is neither a strong nor weak national identity and consumer ethnocentrism dimensions. This is a challenging segment for standardisation versus customisation decision making. One strategy is perhaps to identify a single dimension on which the nation–market can focus. For example, in the case of Taiwan, the belief system component is somewhat more emphasised. Companies dealing with Taiwanese customers or businesses might consider adjusting their marketing mix to emphasise the recognition and respect for religious philosophies.

As Kotler suggested, the marketing process should involve development of a segmentation-targeting-positioning plan and design of a marketing mix to support it.<sup>60</sup> In this way the NATID–consumer ethnocentrism matrix framework can be used to develop an in-depth understanding for each nation–market. Further, it provides a uniform, systematic and practical approach for international segmentation. It should also be highlighted that the NATID–consumer ethnocentrism matrix framework is useful not just for product standardisation–customisation decision making. It has the potential to be used along with other strategic marketing decision tools.

## CONCLUDING COMMENTS

South Korea, Taiwan, Thailand and Singapore, together with the rest of the Asian countries, represent tremendous opportunities for international marketers. Their huge populations and high demand for imported goods, make these markets very appealing. The individual country's level of emphasis on national identity and its underlying dimensions cannot, however, be overlooked. The empirical findings from this study have strongly supported the strength of Keillor and Hult's<sup>61</sup> national identity framework in terms of differentiating the respective similarities and differences of the four Asian countries. The study suggested that the sense of national identity is not influenced by the degree of national development. While a developing country like Thailand can exhibit a strong sense of national identity, the developed city–state Singapore is extremely weak in national identity.

Historical heritage of a country can have both positive and negative effects on a country's national heritage and cultural homogeneity. While the turbulent histories of Korea and Thailand have

empowered the respective nations to be very strong in these two dimensions, it seems to have a negative effect on countries like Taiwan.

Of the four first-order dimensions, it appears that it is easiest to predict the individual country's level of emphasis on their belief system. The findings of this study imply that the degree of religious diversity of a nation directly influences the level of emphasis on its belief system. For countries with multiple religions such as Singapore, Taiwan and South Korea, their emphasis on their belief system is lower than that of Thailand, which has a dominant religion.

The consumer ethnocentrism dimension within the national identity construct is the most sophisticated of them all. There are many factors that can have an impact on the country's consumer ethnocentric tendencies. This includes the level of nationalism,<sup>62–64</sup> patriotism<sup>65,66</sup> and internationalism.<sup>67,68</sup> While it can be concluded from both Keillor and Hult's<sup>69</sup> study and from this study that Thailand, Hong Kong and Korea have the strongest ethnocentric tendencies and Singapore and Japan have the weakest, this study has not indicated strong arguments to explain this.

The NATID–consumer ethnocentrism matrix framework not only provides marketers with an in-depth understanding of the surveyed Asian countries, but could also serve as a systematic, practical tool for segmenting these nation–markets. The notion that the NATID–consumer ethnocentrism matrix is a systematic and practical tool for international segmentation can definitely be justified with further confirmatory research.

## Limitations and future research directions

The following are the key limitations related to the study, some of which

present worthy opportunities for further research.

The sample used for each country is relatively small. One can always argue that the representative nature is questionable. Similar to Keillor and Hult,<sup>70</sup> the cut-off score as defined in Table 3 for the five classifications of NATID may appear somewhat arbitrary. Furthermore, the data were collected via mall intercepts of convenience samples in universities. The sample, by definition, is skewed towards the younger age group. As such, the results may not be representative of the overall demographic of the entire populations.

Consumer ethnocentrism may change over time or with political status.<sup>71</sup> This would apply to the national identity, which is a second order construct. Thus, for a country that has undergone significant political changes (as in the case of Hong Kong before and after the transfer of sovereignty from the UK to the PRC), economic fluctuations (like the Asian economic crisis for several Asian countries) and historical events (like the bombing of the Chinese embassy in Belgrade by the USA), longitudinal studies should be conducted to track changes.

It is important to bear in mind that the primary objective of the national identity construct is to establish generalisable norms of national identity for comparing different nations. One must not ignore the fact that different 'micro' segments (eg gender, age group, income group) within a nation may place distinctly different degrees of emphasis on national identity and its four underlying dimensions. This is especially the case for marketers targeting particular segments. For instance, Chanel is targeted at the more mature and higher income group while Miu Miu is targeted at the younger demographics. In the same vein, it is interesting to compare the effects of

age, income and gender on the NATID scores between individual countries and the overall pooled sample. This may highlight major differences, providing marketers with directions for potential reactive or proactive strategies.

One other stream of extension to be considered is the effect of product utility, namely functional or symbolic orientation. Fast-food establishments such as McDonalds and Burger King are more likely to adapt to local ethnocultural traits. High-end fashion labels such as Louis Vuitton and Gucci are selling a 'personality' which exudes the display of status and sophistication. There will be a distinction between the functional and symbolic expectation from the consumers. This will lead to lifestyle analysis such as values and lifestyles analysis (VALS), which may be used as a framework for further discussion. For instance, Phau and Prendergast found that conspicuous consumption embedded in certain countries and cultural traits underpins the phenomenal adoption of status brands in Hong Kong and Singapore.<sup>72</sup>

The validity of applying the proposed NATID–consumer ethnocentrism matrix framework in international segmentation can be further investigated through studying other countries within and outside Asia. As more and more investors are looking at clusters of regional markets, this is of great significance. Less developed countries such as Vietnam and Cambodia and fast-growing countries such as China should be included.

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