Cultural Factors and Referral Behaviour on Facebook

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Abstract

Facebook provides a convenient platform to satisfy the social needs of individuals in the virtual world. It can be quite handy for e-marketing companies to advertise their products by creating online referrals; a job that was previously done through bulk emails. E-marketing in multicultural context is a very complicated process as the recipients may misinterpret messages depending on his/her cultural characteristics. Hence it is a bit tricky to choose ideal marketing strategies and techniques in order to enhance message diffusion. The current study is designed and executed to identify and explain the relationship between the effect of cultural factors of Facebook users and their referral behaviour

Keywords

Facebook, Hofstede's Cultural Dimensions, Referral Behaviour, e-Marketing, Electronic Word-of-Mouth

I. Introduction

Social media has revolutionised the way businesses interact with their customers. Companies today try to make the most out of the infinite possibilities of this changing marketing scenario by employing social media professionals and community managers. Millions of people are linked up by means of social networking sites for passing time, social interaction, seeking knowledge, sharing information and expressing opinions. By choosing the right social media strategy and diplomacy, organisations - from small scale companies to multinational corporations - can build brand and boost sales. Facebook can be used as an all-in-one solution for marketers to addresses their challenges in the online world and even for online PR, as it has over 1.09 billion daily active users and presence in over 70 nations [5].

As companies are able to find their current and potential customers on Facebook easily, it gives them the opportunity for personalised and direct advertising. Targeted advertisements particularly towards customer demographics have been found to be an effective traffic builder for SMEs and multinational corporations [17]. Before the advent of social media, customers had limited access to product or brand information. Hence it was the responsibility of the companies to position their brands through traditional media. However today it is the customer, not the company, who positions the brand [19]. Studies have found that the cultural traits of individuals can influence the way they express themselves and interact with others on social networks [10-11] [22]. This study attempts to elucidate the alchemy of culture and referral behaviour online

II. Review of Literature

Oxford Dictionary (2001-2002) defines culture as arts, customs and institutions of a nation, people or group. The widely known definition by Tylor (1891) considers culture as the complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society. Hofstede (1980) specifies culture as the collective programming of the mind, which distinguishes the members of one human group from another. Since the cultural systems are comprised of shared meanings and values that regulate the formation of ideas and interpretation of meanings [10], people from different cultural backgrounds tend to opt different groups, messages and methods [3] to communicate. Cultural values have a significant influence on social network formation [11] [22] as they regulate the word-of-mouth flow [10]. An exploratory study using Chinese-Caucasian samples proved that Chinese groups engage in more electronic word-of-mouth (eWOM) than the whites do, where Chinese community networks are found very effective in spreading eWOM. The same cultural influence was found among Chinese immigrants who had been living outside their home country [24]. Even though it might not be possible to find the stereotypic characteristics of national culture in today's multicultural societies [1], making an understanding about the way cultural traits influence individual's eWOM communication behaviour on Facebook would enable companies to develop proactive and focused promotional programmes.

A. Hofstede's Cultural Dimensions

Hofstede (1983) classified the cultural characteristics of a country into four basic dimensions such as power distance, uncertainty of avoidance, individualism/collectivism and masculinity/femininity; with the intention of developing a model to formulate research hypotheses in cross-cultural studies. In order to segment customers in multicultural societies, international marketers often rely on Hofstede's cultural dimensions [15].

1. Uncertainty of Avoidance

Uncertainty of avoidance is the degree to which a culture is risk-averse or can tolerate environmental ambiguity [20] and how the society tries to cope through the domains of technology, law and religion [7]. It determines the way individuals behave in amorphous, new, strange and surprising circumstances. Cultures having high uncertainty of avoidance are usually orthodox societies. While, cultures having low degree of uncertainty of avoidance are generally risk takers. A prominent study by Lynch et al (2001) on the use of internet found that people from Asia are less secured when doing online purchases. The reason for this would be the major internet users in Asia region (China, Japan and Taiwan) posses high degree of uncertainty of avoidance. Greater degree of uncertainty of avoidance discourages people to have conversations with out-groups. On the other hand, risk taking cultures (having low uncertainty of avoidance) are more tolerant and open to out-groups and new innovations. Hence it is expected that they are more likely to show referral behaviour on Facebook

2. Power Distance

Power distance refers to the extent to which the power is distributed or expected to distribute in a social group or institution [7]. Studies have found that power distance is inversely related to diffusion of innovations [26-27]. Yaveroglu and Donthu (2002) prove that the rate of diffusion is higher in societies having low power distance. Presence of socio-cultural and behavioural inequality is a basic characteristic of a society with high power distance.

Power distance dimension discourages the members of a society to have active conversations with people who are not within their immediate social circles. So it can be assumed that the discourses in such societies including eWOM would be unevenly exchanged. Customers belong to the higher ends of the power distribution spectrum are expected to posses more knowledge and information as compared to the people in the lower ends. People having less power would be timid to interact with people having more power. It prompts them to stick within their in-groups for information exchange. High power distance societies insist its members to obey the elderly and respect the authority [20]. Hence it can be said that the inequalities in power distribution in a society would reflect on how they behave in online ambience.

3. Individualism/Collectivism

Individualism/Collectivism determines the degree with which the individuals in a social context apprises personal independence or collective norms [8]. Individuals in collective societies are tied together with social norms, where group achievements are appreciated and encouraged. Meanwhile, individualist societies encourage its members to have personal freedom and achievements and decisions are formed independently without any group influence [20]. Norms, customs and habits of the society can exert a significant pressure upon the formation of individual behavioural intentions in the case of collectivist societies [13]. Hence, adverts focusing on customers from collectivist cultural backgrounds are often designed using the attributes such as group-appeal, family values, security and social ties [6] [14].

The tendency to copy one another so as to gain social fit and acceptance is higher in collectivist cultures. Self-consciousness and actualisation is esteemed in individualist cultures and its members are motivated to give tongue to their personal opinions and comments [12]. Another study proves that individualistic cultures prefer to spread positive eWOM to out-groups [10]. Hence it is anticipated that collectivist cultures are less likely to demonstrate referral behaviour on Facebook.

4. Masculinity/Femininity

Masculinity is the orientation towards assertiveness and achievements. On the other hand femininity is the preference for social-ties, modesty and empathy [8]. Masculinity favours competition and survival of the fittest, while femininity favours solidarity and sympathy for the disadvantaged [10]. Studies have proved that individuals from masculine cultures are more likely to engage in eWOM [4] [23] and show determination and energetic pursuit and thus take part in active online discussions about new product and services. Contrariwise, those from feminine cultures tend to restrict their eWOM communication within their immediate social circles [10]. Even though masculine cultures are active participants in online discussions, their tendency to make an online purchase on the basis of other's influence is less likely. Besides feminine cultures may buy products or services influenced by others in their social circles [20].

B. Facebook and Referral Intention

Internet based social networking websites are the major tools of exchange, connection and communication today, enabling people to maintain existing relationships while creating new ones [18]. This process of developing new relationships shape online communities where socialisation and interaction are the core agenda [2]. eWOM referrals by friends, relatives and members of online communities are found to have a strong impact on customer acquisition [17]. Moreover, eWOM has long-term effects as compared to conventional marketing techniques.

Activities of an individual on Facebook - weather it may be liking a picture, sharing a post, commenting on an issue, uploading a video - are visible on the newsfeeds of their friends and community members. Facebook groups and pages are the goldmine of online marketing opportunities. On these communities, e-marketers can identify the tastes and interests of current and potential customers, which is indispensable for developing market segmentation, targeting and positioning strategies [17]. Having insights into the effect of cultural characteristics of Facebook users on the way they act online can facilitate e-marketers to generate referral networks for their brand, products and services.

- H1 Users having high degree of uncertainty of avoidance are more likely to show referral behaviour on Facebook
- H2 Users having high degree of power distance are less likely to show referral behaviour on Facebook
- H3 Individualist users are more likely to show referral behaviour on Facebook
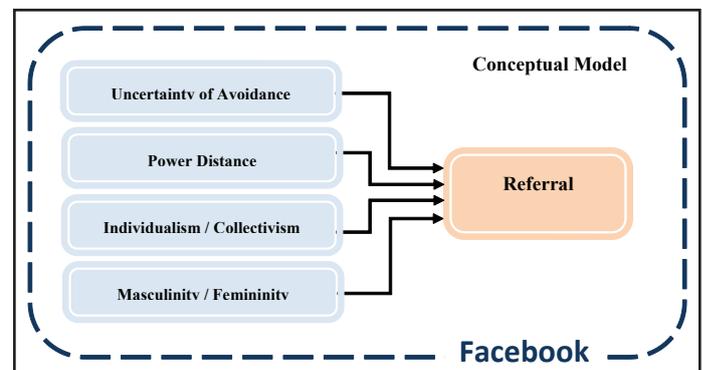- H4 Masculine users are more likely to show referral behaviour on Facebook

Fig. 1: Conceptual Model

III. Methodology

Along with the review of literature, a qualitative study was also done in order to develop thorough understanding on referral behaviour of Facebook users and to support the evidences found in the literature. One to one in-depth interviews with 10 random people from 4 different countries through Skype were done. The interviews were recorded using a free Skype video recording software and the responses were then transcribed, analysed and coded. The findings from the secondary research helped to devise the questionnaire for primary quantitative study.

To test the association between cultural factors of Facebook users and their referral behaviour, five constructs were identified from the literature and the qualitative study as illustrated in Figure 1. The conceptual model contains four independent variables (uncertainty of avoidance, power distance, individualism/collectivism and Masculinity/Femininity) and one dependent variable (referral behaviour).

Questionnaire

18 Questions were included in the questionnaire; 15 Likert scale questions (to measure the constructs) and 3 multiple choice questions (to measure demographics). Existing scales from relevant studies were adapted with amendments as explained in table I. A pilot test was also conducted among 5 respondents and

minor alterations were made to the final questionnaire on the basis of their suggestions.

Table 1: Operationalisation of Scales
(Modified from the studies of Lam et al (2009), Hofstede (1983), Jonker (2008) and the qualitative study)

Construct	Items
Uncertainty of Avoidance	• I prefer individual rewards to group welfare • I prefer my own success to my society's success • I enjoy challenges
Power Distance	• I have the confidence to speak to anyone irrespective of his/ her social position • I do not have to obey the orders and instructions from elder people and superior members of the society • My life is not controlled by powerful others in the society
Individualism / Collectivism	• I prefer individual rewards to group welfare • I prefer my own success to my society's success • I enjoy challenges
Masculinity / Femininity	• A man solves problems easier than a woman does • A man solves problems with logic, whereas a woman solves problems with intuition • Personally I believe that men are superior to women
Referral Behaviour	• I enjoy sharing things on Facebook • I tag my friends on relevant posts • I am an active participant on Facebook groups

IV. Sampling

The current study used a sample size of 200 respondents from different countries. Most of the respondents were acquaintances, colleagues and friends of the researcher. It is expected that the study would yield a balanced gender perspective as 52% of the respondents were males and 48% were females.

V. Data Analysis

Responses were analysed with the help of SPSS for windows. Reliability tests were conducted before analysing individual hypotheses to test the consistency, relevance and validity of the scales. All the scales used for constructing the questionnaire showed very high reliability score as shown in Table 2.

Table 2: Reliability Analysis Summary

Construct	Cronbach's Alpha	Number of items
Uncertainty of Avoidance	0.908	3
Power Distance	0.887	3
Individualism	0.902	3
Masculinity	0.918	3
Referral Behaviour	0.913	3

The first 15 items in the questionnaire were five-point Likert scale questions, where value point 1 was used for representing the 'strongly disagree' position of the respondent, whereas value point 5 was used for representing the 'strongly agree' opinion of the respondent. The midpoint value 3 represented the no opinion or neutral attitude. In order to validate the individual hypotheses, bivariate regression analysis between predictor and criterion variables was conducted (enter method was used). Summary of the results is given in Table 3.

Table 3: Primary Data Analysis Summary

Uncertainty of Avoidance and Referral Behaviour		
R Square Value		0.725
B Value	Constant Value	0.505
	Uncertainty of Avoidance	0.879
Beta Value		0.851
Significance Score		0.00
Power Distance and Referral Behaviour		
R Square Value		0.740
B Value	Constant Value	0.523
	Uncertainty of Avoidance	0.861
Beta Value		0.860
Significance Score		0.000
Individualism and Referral Behaviour		
R Square Value		0.769
B Value	Constant Value	0.309
	Uncertainty of Avoidance	0.858
Beta Value		0.892
Significance Score		0.000
Masculinity and Referral Behaviour		
R Square Value		0.631
B Value	Constant Value	0.981
	Uncertainty of Avoidance	0.751
Beta Value		0.795
Significance Score		0.000

All the independent variables show a significant positive correlation with the dependent variable. Therefore all the four hypotheses have been proved as explained in Table 4.

Table 4: Hypothesis Test Results

Number	Hypothesis	Result
H1	Users having high degree of uncertainty of avoidance are more likely to show referral intention on Facebook	Proved
H2	Users having high degree of power distance are less likely to show referral behaviour on Facebook	Proved
H3	Individualist users are more likely to show referral behaviour on Facebook	Proved
H4	Masculine users are more likely to show referral behaviour on Facebook	Proved

VI. Conclusion

The increased availability of assorted communication channels has created a new dimension of complexity in the development and execution of marketing strategies in the modern world. E-marketers today are keen to develop effective promotional tools to exchange information, trade products and services, stay close to their current and potential customers. Facebook does not replace conventional marketing channels but can generate a synergetic effect across the marketing mix. Customers once referred to as "the audience" can today control the creation and distribution of information online. They share opinions on their walls, groups and pages based on personal experiences and perceptions. They can make or break your brand. The following findings of this research might help e-marketers to perform well on Facebook

Users with high uncertainty of avoidance can be influenced easily through Facebook adverts and viral marketing techniques as they believe and act up on what they see on social media.

Facebook users having high "power" on societies are very important for e-marketers as they can act as opinion leaders and early adopters. They can easily influence users at the lower ends of the power distribution spectrum.

Identifying and focusing on individualist Facebook users would be beneficial for e-marketers for the reason that they can influence others to make purchase decisions. They are generally expressive and value freedom of expression. Individualist users can act as perfect brand endorsers on Facebook

Targeting masculine users on Facebook would be useful as they are the "official" opinion leaders. They make decisions by themselves and they share their experiences with others.

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