

A Study of Cultural Influence on Marketing Management of Retail Sector

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ABSTRACT

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Culture is not static. This is because of the evolving global environments. In this situation, culture is ever changing to adapt and to reflect the dynamism of the society as well as to maintain harmony within the society. Culture has immense influence on the values and lifestyles of individuals. Due to this dynamism people's psychological construct changes and, therefore, their consumption patterns and thus their decision making. The retail market is a result of high complexities of a wide geographic spread and differences in consumer preferences across its varied cultural backgrounds. Therefore, proper selection of marketing strategy is the major problem for the retailer in the growing market and thus competition. This study investigates the influence of cultural factors on retail marketing. Schwartz Value Scale or the Values Model of Schwartz is used to study cultural values. Retail marketing strategies on four strategic retail factors are used. The factors are: product price, product assortment, physical location of store, and promotion. Regression test was used as statistical tool to analyses the data at 5% level of significance. This study will contribute to a better knowledge of cultural values and the elaboration of differentiated marketing plans and thus strategies according to cultural values of consumer.

Keywords: Cultural Influence, Marketing Management, Retail Sector.

Introduction:

In the growing market, retail marketing has become one of the major emerging trends in the entire economic cycle. It is the retail market only which provides the consumer a basic platform to encounter with goods and a retailer for the first time. Retail marketing consists of 5 basic pillars, first is saving the precious time of the customers. Second is setting the right prices of the goods, third is creating a proper connection with the emotions of the customers, fourth pillar is paying the right respect to the customers and lastly solving the problems of the customer is another pillar of retail. Retail marketing even focuses on satisfying the customers and maintaining a proper profit margin for the owner of the goods.

Retail marketing strategy has become one of the basic elements of marketing strategy which includes a lot of planning and proper execution of this planning. The basic motive of retailers is to satisfy the consumers and fulfill their needs and demands, so that they can increase their sales and thus overall profit. For this, various marketing strategies are used by them. With so many new retail marketing strategies, now it is possible to create a healthy

relationship with the customers. Previously creating emotional bonding with the customers was not taken into consideration, and thus customers were only treated as customers who were just supposed to pay the price of the goods. Thus, this resulted in lower customer loyalty and it gave rise to huge number of product and brand switching which ultimately affects the sales and profit of the company. But now with the extensive features of retail marketing, it has become easier for the company not only to capture a huge market but at the same time create a strong bonding with the customers. Thus, this sort of marketing strategy did not only ignite the sales target and profits but at the same time increased the brand loyalty.

But any marketing activity that is consumer-oriented is also said to be cultural bound. This to great extent is true because consumers of such products are members of certain cultural groupings and inclinations irrespective of their stages in life. It explains why marketers have recently turned keen ears to cultural influences on their marketing activities.

Culture is a one big defining factor of people. Consumption decisions of peoples made in the market cannot be viewed as an independent event – it is closely related with values and social relationship and cultural allegiance. The main question arises on the shared cultural values and needs. The needs can be common but values will have difference. This difference in values creates different buying behavior of consumer. Cultural practices include how we divide the day and our attitudes toward opening hours for shops or restaurants. Thus a complete and thorough appreciation of the origins and elements of culture may well be the single most important goal for a marketer in the preparation of marketing plans and strategies.

The present study concentrates only on the influence of cultural values on retail marketing strategies.

Schwartz Value Scale or the Values Model of Schwartz is used to study cultural values. In this model, four higher-order value domains contain ten value types' relations representing a continuum of related motivations that form a circular structure. These ten value type relations are Benevolence, Universalism, Self-Direction, Stimulation, Hedonism, Achievement, Power, Security, Conformity, and Tradition.

Retail marketing strategies on four strategic retail factors are used. The factors are: product price, product assortment, physical location of store, and promotion.

These above factors are driven by customer needs and expectations. However, customer needs and expectations are as shown in various literatures to be effected by culture. Therefore, to build an effective marketing strategy in retailing one must understand the affects of culture.

This study will contribute to a better knowledge of cultural values and the elaboration of differentiated marketing plans and thus strategies according to cultural values of consumer.

Literature review:

Chaharsoughi¹, Yasory (2012), found that sales promotion has direct impact on consumer behavior and culture has significant effect on the behavior of individuals as well. Sales promotions act as a moderator of the effect of culture on the consumer behavior and may affect consumer behavior independently of culture.

Yakup, Mücahit, and Reyhan (2011), found cultural factors affect consumer behaviors. According to them, if businesses attach importance to the customers and consumers, fulfill their desires, it can be said that it decreases that they go to their competitors and neighboring cities.

Mustafa Karadeniz (2010) analyzes relationship marketing approach to constitute customer and brand loyalty. They found relationship marketing as a important tool to gain loyal customers and to satisfy customer.

Azevedo, Susana; Pereira, Madalena; Ferreira, Jo~ao and Pedroso, Vilma (2008) found that gender differences exists in consumer buying behavior. They confirm the differences between women and men especially in terms of What, Where, When, and How they buy.

Guangping Wang, Wenyu Dou, Nan Zhou (2008) found that Consumption attitudes have significant effects on NPA. Consumers' adoption of market innovations is associated negatively with their attitude toward existing products and positively with independent decision making and preference for high-tech products. Further, the

magnitude of the effects of consumption attitudes depends on consumers' demographic characteristics. The effects are stronger among consumers who are older and have lower income.

A Sreejith, Dr. Jagathy Raj V. P (2007) explains retail boom in Indian retail market.

Jeffrey W. Overby, Robert B. Woodruff, Sarah Fisher Gardial (2007) consumer consumption occurs globally, the value that consumers perceive from buying and using a product or service likely differs across cultures. We show that consumer perceptions of product/service value are determined not only by intrinsic dispositions, but also by internalized cultural values and norms, and external contextual factors. This article conceptually examines how and where culture influences consumer value.

Javalgi, Rajshekhar G, Cutler, Bob D, Young, Robert B (2005) proposed that need to be able to understand consumers in faraway place are increasing. While many researchers and practitioners comment on cultural differences, the impact of national culture at the various stages of the research process is frequently not fully realized or even ignored. This paper presents a comprehensive understanding of the importance of national culture in conducting international marketing research.

Nittin Essoo, Sally Dibb(2004) The significance of religious value systems has long been recognized in sociology and psychology but is not yet fully acknowledged in consumer research. Studies in the marketing literature suggest that religion is a key element of culture, influencing both behavior and purchasing decisions. This paper the influence of religion on consumer choice and is based on the proposition that adherence to a particular religious faith significantly influences shopping behavior.

Objectives:

- To evaluate the influence of culture on retail marketing.

Hypothesis:

- H_0 - There is no significant impact of culture on retail marketing.
- H_1 - There is a significant impact of culture on retail marketing.

Research Methodology:

To gather the required information for this study, both secondary and primary source of data was used. Secondary data has been collected from journals, magazines, news articles, books, internet and other documented material.

Primary Data is collected through questionnaire. The study and thus the questionnaire include questions related to various cultural values and for that 21 Portraits Value Questionnaire (PVQ) Items are used.

Schwartz Value Scale or the Values Model of Schwartz is used to study cultural values. In this model, four higher-order value domains contain ten value types' relations. These ten value type relations are Benevolence, Universalism, Self-Direction, Stimulation, Hedonism, Achievement, Power, Security, Conformity, and Tradition. The 21 PVQ Items of this scale are used in the questionnaire.

Questionnaire includes retail marketing strategies on four strategic retail factors. The factors are: product price, product assortment, physical location of store, and promotion.

A five point scale where 5 is for very high influence, 4 is for high influence, 3 is for moderate influence, 2 is for slight influence and 1 is for no influence, is used in the questionnaire to find how much a marketing strategy influence customer.

Research approach

Customers of various malls of malwa region i.e. Ujjain, Indore, Dewas, Dhar and Shajapur are selected as the respondents. A convenience sampling method was adopted to collect data. The sample size of the study is 100 and we analyze the entire 100 filled questionnaire.

Hypotheses are tested at 5% level of significance.

Tool used for data analysis

Linear Regression test was conducted to test the Hypothesis and to know the influence of cultural values on retail marketing. 21 PVQ Items of Schwartz Value Scale or the Values Model of Schwartz are taken as independent variable and selected four strategic retail factors are taken as dependent variable for the regression test.

SPSS 17.0 version is used for data analysis.

Regression models:

In the study, bivariate regression model is used. The basic regression equation is:

$$Y_i = \alpha_0 + \alpha_i X_i + h_i$$

Where,

Y_i = dependent or criterion variable,

X_i = independent or predictor variable,

α_0 = intercept of the line

α_i = slope of the line

h_i = the error associated with i th term in the observation.

In the study, marketing strategies on four strategic retail factors, which are significantly different from each other, are used to study the influence of culture on retail marketing. The influences of marketing strategies on these four strategic retail factors on customer are considered. To study cultural values, Schwartz Value Scale or the Values Model of Schwartz is used. The 21 PVQ Items of this scale are used in the questionnaire to study cultural values of customer.

The regression models are thus required to be framed separately on four strategic retail factors i.e. product price (PP), product assortment (PA), location of store (L) and promotion (P). In these models, α_0 and α_C are the unstandardized coefficients of explanatory variables. α_0 is the intercept for the respective models. In α_C , 'C' stands for cultural values. In each model, average of unstandardized coefficients of all 21 PVQ Items is taken. 'k' is the constant term whose value ranges from 1 to 21 (for 21 PVQ Items). h_1 , h_2 , h_3 and h_4 are respectively the random error terms for these four models.

$$PP = \alpha_{01} + \sum_{k=1}^{21} \alpha_{C,k}/21 + h_1 \quad \text{..... Model (1)}$$

$$PA = \alpha_{02} + \sum_{k=1}^{21} \alpha_{C,k}/21 + h_2 \quad \text{..... Model (2)}$$

$$L = \alpha_{03} + \sum_{k=1}^{21} \alpha_{C,k}/21 + h_3 \quad \text{..... Model (3)}$$

$$P = \alpha_{04} + \sum_{k=1}^{21} \alpha_{C,k}/21 + h_4 \quad \text{..... Model (4)}$$

To find the overall influence of cultural values on retail marketing (RM) a new model which is a combination of above four models is framed. In this model, average of all unstandardized coefficients of the entire four models is taken. For this model h_5 is the random error term.

$$RM = \sum_{k=1}^4 \alpha_{0,k}/4 + \sum_{k=1}^4 \alpha_{C,k}/4 + h_5 \quad \text{..... Model (5)}$$

Findings:

This section represents the analysis of the collected data from the sample respondents spread throughout the area of malwa region. The focus of analysis is to find the influence of culture on retail marketing.

In the table 1, the value of adjusted R square, F-value and p-value for each retail factor are given and then to find the overall influence of cultural values on retail marketing, the average of values of adjusted R square, F-value and p-value for each retail factor, is calculated.

In the table 2, the values of unstandardized coefficient i.e. intercept and slope for every value of 'k' i.e. for every 21 PVQ items of the scale, for every model and their respective p-values are given. Then to find the overall impact of culture values on each retail factor, average of slope and their respective p-values is calculated separately for each retail factor. Some variables are excluded by the regression system; these are denoted by 'VE' in the table. The four regression models, which are framed on four strategic retail factors, are shown at the top of the table.

In the table 3, to find the influence of cultural values on retail marketing, the average of intercept, slope and their respective p-values of each retail factor, which is calculated in table 2, is calculated. The regression model which is framed for this is shown at the top of the table.

Table 1: R-square value

	Dependent variable	Adjusted R square	F-value	Sig.
1	Product price	0.336	2.313	.032
2	Product assortment	0.291	2.105	.050
3	Location of store	0.577	4.553	.001
4	Promotion	0.534	3.976	.001
	Avg. total	0.4345	3.237	.021

Table 2: Unstandardized coefficients (UC)

Regression models		$PP = \alpha 01 + \sum_{k=1}^{21} \alpha C, k/21 + h1$ $PA = \alpha 02 + \sum_{k=1}^{21} \alpha C, k/21 + h2$ $L = \alpha 03 + \sum_{k=1}^{21} \alpha C, k/21 + h3$ $P = \alpha 04 + \sum_{k=1}^{21} \alpha C, k/21 + h4$							
		Product price (PP)		Product assortment (PA)		Location of store (L)		Promotion (P)	
		UC	Sig	UC	Sig.	UC	Sig.	UC	Sig.
k↓	Intercept ($\alpha 0$)	2.095	.014	3.146	.001	4.923	.000	2.019	.008
1	Benevolence 1	VE	-	VE	-	VE	-	VE	-
2	Benevolence 2	-0.436	.004	0.44	.035	0.7	.038	.927	.012
3	Universalism 1	0.972	.012	0.48	.009	0.597	.000	-.516	.000
4	Universalism 2	0.735	.030	0.639	.021	0.595	.005	.453	.001
5	Universalism 3	1.723	.003	0.745	.045	0.434	.000	.550	.001
6	Self-direction 1	VE	-	VE	-	VE	-	VE	-
7	Self-direction 2	0.544	.000	-0.518	.001	0.559	.041	-.533	.004
8	Stimulation 1	-0.61	.020	0.508	.007	0.685	.008	-.580	.024
9	Stimulation 2	VE	-	VE	-	VE	-	VE	-
10	Hedonism 1	0.581	.005	0.723	.002	-0.699	.031	-.517	.001
11	Hedonism 2	VE	-	VE	-	VE	-	VE	-
12	Achievement 1	-0.792	.042	0.849	.000	0.458	.001	-.454	.002
13	Achievement 2	0.68	.031	0.515	.003	-0.573	.000	.927	.000
14	Power 1	1.339	.008	0.633	.029	0.463	.000	-.390	.045
15	Power 2	VE	-	VE	-	VE	-	VE	-
16	Security 1	1.339	.006	-0.633	.034	1.063	.020	-.710	.000
17	Security 2	VE	-	VE	-	VE	-	VE	-
18	Conformity 1	-1.047	.027	-0.416	.003	0.495	.007	-.536	.001
19	Conformity 2	0.532	.038	0.547	.000	0.479	.005	.748	.030
20	Tradition 1	0.592	.041	0.715	.000	0.777	.001	-.737	.020
21	Tradition 2	2.441	.000	1.8	.010	-0.023	.002	-.615	.000
	Avg total	0.573	0.018	0.468	0.014	0.401	0.011	-0.132	0.009

Table 3:

	Regression model	$RM = \sum_{k=1}^4 \alpha_0, k/4 + \sum_{k=1}^4 \alpha C, k/4 + h_5$			
$k \downarrow$	Strategic retail factors	Unstandardized coefficients			
		Intercept	Sig.	Slope	Sig.
1	Product price	2.095	0.014	0.573	0.018
2	Product assortment	3.146	0.001	0.468	0.014
3	Location of store	4.923	0.000	0.401	0.011
4	Promotion	2.019	0.008	-0.132	0.009
	Retail marketing (Avg. total)	3.045	0.005	0.328	0.013

Analysis & Discussion:

The influence of cultural values on each strategic retail factor was tested separately. From them, the influence of cultural values on retail marketing is studied and analyzed. The results showed that a relationship exists between cultural values and retail marketing.

From table 1, we find that the p-value for adjusted R-square of all the four dependent variable (strategic retail factor) is less than α (0.05) therefore all the value of R-square is significant; and there is a positive relationship between retail marketing and cultural values because all the values of R-square are positive.

It is observed that the value of R-square in case of product price is 0.336; therefore 33.6% of variations in the product price factor are explained by cultural values. Similarly, 29.1% of variations in the product assortment factor, 57.7% of variations in the location factor and 53.4% of variations in the promotion factor are explained by cultural values.

The average value of adjusted R-square i.e. 0.4345 is also significant because p-value is 0.021 which is less than α (0.05), therefore 43.45% of variations in the retail marketing are explained by cultural values. This value reveals that strong relationship exists between cultural values and retail marketing.

In table 2, all the values of intercept and slope are significant because for every value the p-value is less than α (0.05).

On the basis of the regression models, the estimated regression equation for the entire four strategic retail factors is:

$$PP = 2.095 + 0.573C + h_1$$

$$PA = 3.146 + 0.468C + h_2$$

$$L = 4.923 + 0.401C + h_3$$

$$P = 2.019 - 0.132C + h_4$$

These regression equations shows that by one unit change in cultural values; product price, product assortment, location of store and promotion retail factors changes by 0.573, 0.468, 0.401 and 0.132 units respectively. The negative sign with slope in 4th model indicates the negative or opposite relationship between cultural values and promotion, i.e. as the cultural values of customer goes up, influence of promotional strategies on them goes down.

In table 3, all the values of intercept and slope are significant because for every value the p-value is less than α (0.05).

On the basis of the regression model, the estimated regression equation is:

$$RM = 3.045 + 0.328C + h_5$$

This regression equation shows that by one unit change in cultural values; retail marketing changes by 0.328 units.

Thus, analysis of results revealed that strong relationship exists between cultural values and retail marketing and there is a high influence of cultural values on retail marketing. 43.45% of variations in the retail marketing are explained by cultural values. So hypothesis H₁ is accepted.

Conclusion:

The study of marketing strategies for organized retailers is very important concept. With the help of this, it is possible for the retailer to create a healthy relationship and a strong bonding with the customers. The present study analyses the influence of cultural values on retail marketing. This study has shown that both cultural values and retail marketing strategies are highly related with each other. From the findings, we concluded that cultural values will significantly influence retail marketing and strong relationship exists between them. The study enables the retailer to understand cultural values of their customer and to take effective marketing strategies which enables them not only to capture a huge market but at the same time create a strong bonding with the customers. Thus, this did not only ignite the sales target and profits but at the same time increased the customer loyalty to.

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