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Cultural dynamics and marketing strategies for emerging markets: characterization of group subcultures and consumption preferences

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Abstract Emerging markets (EMs) collectively represent more than half of the world population with rapidly increasing purchasing power. In spite of recent advances, consumer research of EMs is limited in scope and concept development and thus inadequately reflects EM realities in comparison with theories developed in and for the Western societies. Characterization of the dynamic changes in cultural ecology in EMs became an important area in need of conceptual and empirical research. The present study introduces a new conceptual framework—Taxonomy of Cultural Ecology—to better explain the cultural dynamics in EMs and predict changes in consumption preferences at a social group level—a key target for effective marketing strategies. Conceptual findings are connected with managerial implications relevant to marketing strategists, advertising managers and leaders of multinational corporations.

Keywords Marketing theory · Cross-cultural research · Emerging markets · Globalization · International marketing · Cultural transition · Dynamic changes · Consumer psychology · Taxonomy · Typology · Cultural dimensions

Introduction

Emerging markets (EMs) represent more than half of the world's population, and their purchasing power has rapidly escalated into a collective multi-trillion dollar market (O'Neill 2011; Silverstein 2012). Recent advances notwithstanding, however, consumer research of EMs remains limited in scope and concept development in comparison with theories developed in and for Western societies (Han et al. 2010; Redding 1993). The cultural dynamics of the EMs provide opportunities to further explore theories that reflect their realities.

The relatively slow evolution of industrialized societies has helped marketing theorists build a solid theoretical foundation, which has, in turn, supported marketing practitioners by providing better explanations and predictions of consumption patterns. In contrast, political and economic changes in EMs are occurring at much greater speed and scope. Their population grows and spending power increases three times faster than those in developed countries (Boumphrey 2013). This steep transition materially affects consumption norms and preferences, as well as consumers' ability to respond to market trends and willingness to adopt new products. The rapid cultural transition that EM consumers experience alters the evolution of their behavior and purchasing preferences (Coulter et al. 2003; Court and Narasimhan 2010) and calls for a new marketing conceptual framework to initiate and bolster empirical research by deploying a variety of methods and tools (Leung et al. 2005). Steenkamp (2005) and Sheth (2011) state that in-depth EM research is paramount to the future of marketing theory and practice. Understanding consumer cultures in EMs is a difficult task, but until it is accomplished, marketers will face significant challenges in these markets.

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Theoretical background and contributions to the new conceptual development

Why is the development of a new conceptual framework for EMs analysis necessary? At first glance, extant theories initially developed within and for the well-researched Western economies seem sufficient to extend to EMs with only minor adjustments. As we demonstrate herein, however, such an approach is problematic because, in contrast to that in Western economies, the cultural ecology of EMs is characterized by a much higher degree of cultural ‘granularity’ and more rapid changes neither foreseen nor explored by extant cultural theories.

The present research develops a new conceptual framework to shed more light on the cultural dynamics in EMs and predicts changes in consumer value orientation at the *social group level*. This framework draws on the extant marketing literature and augmented marketing theory, with conceptualizations from related disciplines, including cultural psychology, sociology, anthropology, and behavioral economics (e.g., Earley 2006; Frake 1962; Markus and Hamedani 2007; Netting 1965; Steward 1955; Sutton and Anderson 2009; Van der Vijver 2000). We define *cultural ecology* as a multithreaded network of *social groups* in which human beings coexist and to which they constantly adapt; thus, the *social group* is a focal unit of analysis in the dynamic EM environment. In this context, we define a *social group* as an entity demonstrating *predictable patterns of interaction* among its individual members, united by the *shared value structure* within this entity and *shared attitudes* toward outside entities espousing different value structures.

First, we examine existing socio-psychological and cultural research concepts to establish a connection between cultural transition and changes in consumer self-construal under psychological stress induced by transitional processes. Second, we develop a new conceptual framework to characterize cultural changes in their continuity using social group (rather than nation-state) as a unit of analysis. This framework contributes to consumer research by utilizing new constructs that draw from various social science domains. Third, we propose the Taxonomy of Cultural Ecology to reflect the dynamics of consumer value orientation in EM societies and help marketers characterize the cultural norms of various social groups, more precisely understand their current needs, and predict future wants. Fourth, we offer research propositions to provide a foundation for future empirical studies to support marketing theory and practice. Finally, we connect conceptual findings with managerial implications relevant to marketing strategists, advertising managers, and leaders of multinational corporations.

To understand the relationships between this process and transformation of consumer values, we conducted qualitative

research using semi-structured interviews with consumers with distinct cultural backgrounds from Russia, China, Ukraine, and India.¹ This research method is consistent with the view that EM societies represent living ecosystems where the same individuals frequently belong to social groups with different subcultures (Agrawal 2015).

Marketing practices and realities of consumer behavior in EMs

Marketers are keenly aware of substantial variations in how people from different cultures express and satisfy their needs (Baumeister and Leary 1995). Stated consumer intentions and actual purchasing behaviors frequently appear contradictory because they are influenced by social environment and individual perceptions (Markus and Hamedani 2007). This notion is illustrated by the situation described by an entrepreneur and value-added reseller from Russia:

In my social group, appearance serves as a proxy of business success. To match my business standing, I have to wear Rolex or another prestigious Swiss watch. I find it stupid spending 10,000 bucks or more to buy a watch just to show off. However, when I come to negotiate a business deal, my counterparts have to perceive me as a ‘solid person.’ I might happily wear a cheaper watch, but that would undermine my position in business negotiations. That is why I don’t wear a watch at all.

Individual intentions and subsequent behaviors are greatly affected by cultural ecology—a subculture of the social group to which an individual belongs (Kivenzor 2015; Tajfel 1979) as well as one’s private self, public self, and communal self (Triandis 1989). Material possessions play a particularly important role in EMs as an explicit expression of value orientation; therefore, consumers make their purchasing decisions not only to satisfy their personal preferences but also to increase psychological well-being by conforming to the cultural preferences of a social group (Belk 1985, 2015; Canniford 2011). Discussing the link between self-construal and material

¹ We developed the present theoretical research and concepts using qualitative studies in the form of semi-structured interviews of multiple consumers in China, India, Russia, and Ukraine, most of whom represented the middle and upper-middle classes. Some of the interviewees were well-educated young professionals with high aspirations, and some were entrepreneurs with substantial business experience who had lived through multiple political, economic, and cultural transitions in those countries over the past 20 years. Younger interviewees were aged from late 20s to mid-30s; older ones ranged in age from mid 40s to 50s. Excerpts from the interviews are provided throughout the text to illustrate and support pertaining stages of the theory development following the methodology Kohli and Jaworski (1990) suggest.

possessions, Belk (1988) identifies the major categories of extended self, starting from an individual's body, internal processes, ideas, and experiences and extending to other people and group possessions, all of which lead to sharing a group identity through shared consumption—in a sense, merging one's private and communal selves.

Drawing on Belk's (1988) concept, we note that people in EM societies experiencing dynamic cultural changes use particular precautions to avoid misidentification of their social status. Through their public consumption, they exhibit extended selves with tangible and intangible possessions to clearly signal their membership in a particular social group and avoid potential social identity confusion (Coulter et al. 2003; Kivenzor 2007). For example, a software developer from India stated:

Tata Nano car was designed for Indian middle-class consumers but failed to win them over. Everyone knows that this is a cheap car, and if I were to drive it, I would openly admit to my social circle that this is all I can afford. Most people belonging to the middle class try to avoid this stigma, and my friends always try to project an image of belonging to the higher levels of the society. To preserve my social reputation, I would rather take a taxi than drive Tata Nano.

Marketers must anticipate the influence of cultural ecology on consumer preferences and reactions to particular marketing messages received through advertising, social media, and other channels. To develop truly competitive marketing strategies and practices targeting social groups in EMs, marketers must recognize and explore the role of cultural ecology as a powerful factor affecting consumer behaviors.

Extant theories, cultural ecology in EMs, and the need for a new conceptual framework

Overview of dominant cultural theories

For many years, marketing theory has relied on the constructs developed for “national cultures,” treating entire nations as culturally uniform and relatively stable entities (e.g., Hofstede 1980, 2001; Parsons and Shils 1962; Schwartz 2006; Triandis 1972; Trompenaars and Hampden-Turner 1998). For example, Hofstede's well-known system used four dimensions of national cultures (1980), with two more added recently (2001, 2011) when the growing body of cultural research uncovered fundamental deficiencies of this approach. Stemming from organizational research, it is based on the *deductive assumption* that cultural dimensions are generalizable and characterize the values and behavioral patterns of the majority of residents of a given nation-state.

Schwartz and colleagues developed another well-known system based on individual value orientation. Over time, the system expanded from 7 domains of individual value orientation (Schwartz and Bilsky 1987) to 10 (Schwartz 2011) and, more recently, to 19 (Schwartz and Butenko 2014). This system is based on an *inductive assumption* that the structure of values attributed to individual respondents of a given study should apply to other citizens of the same nation-state. However, the most recent studies of value orientation in 67 countries demonstrate that within-country variance is frequently greater than that among countries (Fisher and Schwartz 2011; Schwartz 2014), which seriously undermines the validity of the said assumption. Thus, it is not surprising that Schwartz (2011, p. 316) recognizes the research gap between national cultural dimensions and individual value orientations and suggests using groups as units of analysis for future cultural studies.

Many literature sources characterize national cultures in EMs as predominantly collectivistic, with societal preferences superseding personal values (e.g., Hofstede 2001; Javidan et al. 2006; Schwartz 2006; Triandis 2004), and contrast such value orientation with that in individualistic Western societies, where individual values and independence from others supersedes any group membership (e.g., Ralston et al. 2006; Schwartz 2006). Going into a greater depth, some researchers suggest a more differentiated treatment of various types of collectivistic and individualistic societies, distinguishing vertical and horizontal collectivism and vertical and horizontal individualism (Singelis et al. 1995; Triandis and Gelfand 1998). This layered characterization represents an improvement over extant theories in that it incorporates the social constructs of inequality, linking individual self-construal and respective social status with an attitude toward hierarchy in the society as a whole (Shavitt et al. 2006).

Pitfalls of extant cultural theories

Despite varied methodologies, the majority of extant theories share two core assumptions:

1. National cultural dimensions more or less uniformly characterize all people representing a nation-state (e.g., Hofstede 1980, 2001); and
2. Cultures are nearly static or change very slowly (e.g., Hofstede 2001; Schwartz 2006).

The views of nation-states as uniform proxies of static cultures remain popular due to their quasi-simplicity. However, increasingly, researchers are challenging the validity of the assumptions underlying such generalization. Table 1 exhibits the conceptual critique systemically.

Table 1 Critique of the traditional methods of the cultural characterization

Traditional concepts	Epistemological origin	Selected sources	Critique of traditional views
National culture concept	Business research	McSweeney 2002; Baskerville 2003	Concept of national cultures assumes cultural homogeneity and leads to national determinism and stereotyping. Statistical averaging does not reflect multicultural diversity. Use of national indexes as explanatory variable misleads researchers.
Consumption as a proxy of culture	Consumer research	Douglas and Isherwood 1996	Consumption cannot be explained by belonging to a social class alone.
Inductive approach to cultural studies	Anthropology marketing research	Steward 1955; Blodgett et al. 2008	Generalization of a few terms derived from one study for cross-cultural characterization is not scientifically grounded. A methodology ignoring local particulars cannot provide a good basis for taxonomy.
Emic nature of Western cross-cultural studies	Cultural research	Van der Vijver 2000	Attempts to apply the Western theories and research methods to non-Western cultures lead to multiple methodological biases, including construct, sample, instrument and administration biases.
Universal context in multicultural environment	Marketing research	Slater and Yani-de-Soriano 2010; Demangeot et al. 2013; Agrawal 2015	Conceptual non-equivalence of Western cultural theories and Eastern cultural practices. Dynamic changes in multicultural environment lead to conceptual/theoretical issues in research. Need for contextual approach to research in multicultural environment.
Dichotomic approach in cultural research	Cultural research	Hermans and Kempen 1998; Wang and Liu 2010; Herdin 2012	Cultural dichotomies cannot meet the challenges raised by the process of globalization. Complex cultural mixtures require new conceptualization. Bipolar East–west cultural theories are deceptive. Need for emic approach in cultural characterization.
Static nature of cultural environment	Marketing Conceptual	Batra 1997; Steenkamp 2005	Due to dynamic changes in transitional economies their descriptions become dated very soon. This requires frequent reconsideration of marketing research Conceptual and practice.

A growing body of research criticizes the inconsistencies of the national culture concept, citing the escalating cultural diversity of many countries (Baskerville 2003; Herdin 2012). For years, scholars have expressed skepticism regarding an unsupported assumption that social behavior takes place inside homogeneous social systems (e.g., Tajfel 1979) and, more recently, have noted concerns about the methodologies developed to measure cultural differences among nation-states (e.g., Blodgett et al. 2008; McSweeney 2002; Ng et al. 2007; Van der Vijver 2000; Zhang et al. 2012). In the multicultural environments of EMs, particular attention should be given to the granularity of the cultural fabric of the groups that coexist side by side (e.g., Demangeot et al. 2013, 2015; Earley 2006; Lenartowicz and Roth 2001; Thelen et al. 2006). Representatives of diverse cultures in EMs coexist and frequently mix as a result of social and geographic migration, cross-ethnic marriages, and work environments (e.g., Lenartowicz and Roth 2001; Oyserman and Lee 2008; Robertson et al. 2012). Therefore, marketing strategies utilizing the national culture concept and viewing an EM market as a single uniform target, rather than a patchwork of diverse group cultures, can become casualties of this ‘targeting fallacy.’

Marketers must understand the key role of dynamic cultural changes. Consumer value orientation constantly shifts depending on individual economic and social status (Ralston et al. 2006). Thus, multinational corporations deploying static business models developed for stable industrialized economies will fail to win EM consumers, who would likely rather follow agile local companies that understand the cultural dynamics (Court and Narasimhan 2010). Attempts to directly apply traditional Western-based research methodology to examine consumer behavior in EMs undergoing rapid (and frequently erratic) cultural transition may be particularly perilous (Slater and Yani-de-Soriano 2010; Wang and Liu 2010). Marketing strategies ignoring the brisk changes of cultural ecology in EMs become casualties of the ‘standstill fallacy’—futile attempts to apply old marketing principles to the dynamic new reality.

Triandis (2004) and Batra (2015) suggest that many Western constructs and models are ill suited for contemporary realities and should be revised to reflect varying ways people form their perceptions and preferences. Analyzing more than a thousand culture-related publications, Stahl and Tung (2015) conclude that new theoretical models and frameworks that reflect the realities of multicultural societies and cross-cultural dynamics are necessary. Unreliable cultural generalizations are faulty and may lead to cultural stereotyping and prejudice (Herdin 2012; Wang and Liu 2010). Thus, to shed light

on consumer value systems in depth, researchers must examine them at the societal, group, and individual levels (Craig and Douglas 2006).

Need for a new conceptual framework to characterize the cultural ecology in EMs

To equip marketers with robust tools enabling the exploration of the cultural ecology in EMs, the new conceptual framework must first and foremost address the two major shortcomings of extant theories: the aforementioned ‘targeting fallacy’ and ‘standstill fallacy.’

The ‘targeting fallacy’ can hamper marketing strategies if they focus too narrowly on either a macro (i.e., national culture) or a micro (i.e., individual value orientation) scale and do not adequately address the most important target—the *social group*. This fallacy weakens the basis for understanding consumer cultural norms, interests, and purchasing preferences, all of which are heavily influenced by social groups. Group culture influences purchasing decision making, in both uncompounded social groups such as families (Ford et al. 1995) and complex social settings such as large corporations (West et al. 2014). To develop a sound marketing strategy, groups—rather than individuals—should bear the primary importance (e.g., Bass et al. 1968; Kivencor 2015; Trompenaars and Woolliams 2003).

The ‘standstill fallacy’ results in futile attempts to redeploy old strategies in spite of brisk changes in EM cultural ecology. Although Western societies experience powerful jolts, and the recent economic crisis is one of them, these shocks are limited in their frequency, scope, and effect on consumer subjective well-being compared with those in EMs (Howell and Howell 2008). In EMs, sea changes involve all societal layers; drastic upheavals threaten consumer life status and cause substantial emotional stress. This emotional disequilibrium can lead individuals to qualitatively and quantitatively reassess their inner selves and their place in the external world (Mathur et al. 2008). Such internal reassessment and external changes in cultural ecology require continual cultural adaptation and affect external behavioral patterns (Wong and Ahuvia 1998), including consumption of goods and services.

Therefore, understanding multicultural, multiethnic, multilingual, and multireligious marketplaces in EMs poses a particular challenge due to their ever-changing cultural ecology and deserves the attention of marketing managers who are developing segmentation and targeting strategies for EMs. The new conceptual framework suggested and discussed subsequently addresses the aforementioned fallacies, specifically focusing on the cultural ecology in EMs and using social groups as a primary unit of analysis.

Importance of social groups as a unit of analysis of cultural ecology

To be effective, marketing managers must constantly deal with a dichotomy: On the one hand, to satisfy the unique needs of each individual customer, they strive to customize goods and services, thus incurring extra costs; on the other hand, to conduct business profitably, they attempt to identify substantial market segments and satisfy their average needs and wants. The social group concept used herein stems from Csikszentmihalyi and Halton (1981), who identify social systems as entities characterized by a predictable pattern of interaction among persons sharing structures of attention, and Turner (1982), who defines a social group as a collective of individuals who share a common social identification within an organized system of rankings and roles to regulate the member opinions and conduct.

We further expand this approach to include both inside and outside factors that shape a social group and result in *predictable patterns of interaction* among the individuals, who are united by the shared in-group value structure and shared attitudes toward out-groups having different value structures. The in-group structure is implicitly expressed through the member *code of acceptable social behavior* and explicitly through the *distribution of control and authority* among members. Considerable differences among shared values and attitudes within various social groups constitute invisible but psychologically persuasive boundaries separating various social groups, making it difficult for a member to leave a group.

Group members' social conduct depends on the congruous interpretation of in-group subculture and is moderated by the group code of acceptable behavior. Due to the group influence, members demonstrate increasingly cohesive values and attitudes and a predictable pattern of favorable treatment of fellow members, who are considered extended selves (Belk 1988). At the same time, attitudes toward individuals belonging to other social groups may vary in a wide spectrum ranging from indifference to disdain to outright hatred (Tajfel 1979).

It is important to point out the differences between the aforementioned definitions of a social group construct and that of a cultural group, a term frequently used in the extant literature. Cultural groups are comprised of the individuals with the same cultural roots or cultural background, who may share the same ethnicity, religion, dialect, family ties, and so on, and remain more or less stable entities even when its representatives migrate to another country (Craig and Douglas 2006; Leung et al. 2002). The explicit assumption of stability of cultural groups contrasts with our definition of the social group construct: Social groups are dynamic entities characterized by the changing membership composition and evolution of shared value structures and attitudes. This view is supported by Deschamps (2010), who suggests that a social group

should be defined in relative rather than absolute terms—as an entity distinctly different from other groups. Thus, in EMs a member of a particular cultural group may simultaneously belong to several social groups (Agrawal 2015). A marketing communications manager from China vividly illustrated both implicit and explicit connections between group subcultures and the respective consumption patterns:

I live in Shanghai, and we have a lot of young educated people here. My friends usually buy clothing, shoes, and gadgets to prove their social standing. My girlfriend studies at the conservatory where she plays erhu, a traditional Chinese two-string violin, which recently gained more popularity among young people. Our generation tries to tie together our traditional Chinese roots and worldly openness. To proclaim independence from the generation of their parents who prefer dark blue and gray, her friends from conservatory always wear brightly-colored clothing. When I am with her, I dress the same way. However, going to work and meeting with clients in the office, I wear a black suit and ties with subdued colors.

Rapid evolution of EM societies results in dynamic changes of the respective value orientations and status structures within social groups and contrasts with those of other groups. Thus, different social groups subjected to the same macroeconomic and political changes exhibit disparate dynamics of cultural transition and consumption patterns. In Western societies, the behavior of individual consumers is also influenced by their respective social groups, but this influence does not change as frequently and erratically as it does in EMs (Aslund 2007).

Dynamic transition, emotional stress, and change of consumption patterns

Due to the frequent changes in the political and socio-economic environment in EMs, consumers must cope with multiple uncertainties related to the income projections, value orientation, and standing in social groups (Court and Narasimhan 2010; Malhotra and McCort 2001). Such uncertainties render prior consumption patterns either ineffective or obsolete due to radical changes in consumers' social attachments (Baumeister and Leary 1995; Coulter et al. 2003); Schultz and Jain 2013.

While political unrest in EMs affects the social standing of individuals, economic turmoil frequently deprives people of material possessions. During turbulent weather, people become concerned about their well-being and search for a safe harbor; in the same way, people seek to restore a psychological balance during political and economic turmoil. Those

concerns inevitably affect the cultural domain, cause emotional discomfort, alter consumer behavior, and cloud future consumption choice. For example, Venezuelan consumers continue to live through the painful transition from the market economy to the socialist system, and because of this emotional stress, their purchasing decision-making and consumption patterns have drastically changed (Neuman 2012). Residents of Crimea were emotionally stressed learning that their jurisdiction and citizenship were changed literally overnight from Ukrainian to Russian; this transition led to precipitous adjustments of their lifestyle and consumption choices (Koretska 2014). Bond (2004) demonstrates that social group members are implicitly or explicitly coerced by the group culture to follow certain behavioral norms. Drawing on this research, it is reasonable to assume that changes in behavioral norms motivate members to alter their public consumption preferences.

Marketing managers must understand that the dynamic changes of consumer choice in EMs present great growth opportunities for new products and services, but only if marketing strategies are in line with the value orientation of the targeted social groups. Examples abound of failed marketing campaigns that ignored group values as a result of misunderstanding of cultural patterns typified using national culture constructs. Thus, a different interpretation of cultural transition and a more suitable set of constructs are necessary.

New constructs as building blocks of the Taxonomy

To understand and proactively address consumer needs in EMs, marketers need a new conceptual framework corresponding to the realities of those markets. Building such a framework requires new constructs that more precisely describe the cultural ecology of social groups. As stated previously, each social group represents an organized structure of shared value orientations and shared acceptance of the social status and roles of each member. Individual value orientations may vary depending on the person's ethnic upbringing, acquired experience, and—ultimately—cultural ecology (Baumeister and Leary 1995; Markus and Hamedani 2007; Markus and Kitayama 1991; Netting 1965; Suh 2002). In spite of such individual value orientation differences, it is not unusual for people to coexist within the same social group and share principles guiding an in-group organization by acknowledging the social positions individual members hold (e.g., Gupta 2013). Marketers, consumer behaviorists, social psychologists, and cultural researchers have extensively researched group structures and organization in different cultures over the years: Table 2 presents the resulting constructs and their epistemological origins.

To understand the effects of cultural transition in multicultural EM societies, we suggest a new conceptual framework characterizing culture at the social group level. This framework—a Taxonomy of Cultural Ecology—capitalizes on the extant cultural research, introduces new constructs, and describes relationships between the value orientation of a social group and that of its individual members in a continuously changing environment. The new framework is based on two new constructs—*Dependency* and *Parity*—defined in the following subsections.

Dependency

The first construct, *Dependency*, is a characteristic of a group subculture that gauges the degree of an individual's social engagement and social group cohesion. The cultural norms in groups with different levels of *Dependency* may substantially vary. Some groups will advocate for and support member interdependence and the feeling of belonging; other groups will encourage member self-reliance and autonomy. The *Dependency* construct defines cultural norms at group and individual levels, consolidating a member's self-construal with cultural norms of the social group. It acknowledges the possibility that, in some groups, subcultures may accommodate individuals with value orientations materially different from those of the group majority rather than expelling such members. This construct also covers the situations when groups with subcultures emphasizing personal freedom and groups with greater member interdependence coexist within a nation-state typified by the traditional theories as either individualist or collectivist. Therefore, the *Dependency* construct allows for a more flexible characterization of the subculture at the group level than the individualism-collectivism dichotomy developed for national cultures.

Variations of the social group cohesion and member engagement cause *Dependency* to shift between two polar value orientations—complete *Detachment* and outright *Connectedness*:

- *Detachment* is a feeling of solitary independence that denotes a cultural norm that compels members to either avoid or severely limit emotional connections with other individuals or social groups. Such a misanthropic personal trait leading to voluntary psychological solitude may stem from moral trauma, suspiciousness toward fellow human beings, or a fear of moral obligations. Surprisingly, *Detachment* may find its way even within collectivist national cultures: in Japan, 61 % of men and 49 % of women under 30 years prefer to stay single rather than be obligated by dating and marriage relationships (Haworth 2013).

Table 2 Foundational concepts for a proposed Taxonomy of Cultural Ecology

Concepts/ Constructs	Epistemological origin	Selected sources	Conceptual formulation of key findings
Subjective nature of cultures	Anthropology/ Sociology	Triandis 1972	Groups influence social behavior to a greater extent when they are stable and impermeable.
Dynamic nature of cultures	Marketing Conceptual/ Cultural research	Craig and Douglas 2006; Carpenter et al. 2012	Cultures constantly evolve due to either internal dynamics or external forces.
Private, public and collective self	Social psychology	Triandis 1989; Markus and Kitayama 1991	Public self is different in collectivist and individualist cultures. In collectivist cultures, conformity to others in public settings is valued.
Cultural shock and adaptation	Cultural psychology	Zhou et al. 2008	“Cultural synergy” framework offers a more comprehensive understanding of the processes of social identification, culture learning, and coping with stress.
Change-induced stress. True and false adaptation	Social neuroscience	Lieberman. 2013	Hedonic adaptation alleviates depression from negative events. False consensus effect: use of one’s own views as a proxy of views of others
Materialism and possessions as extended self	Consumer research/ Marketing Conceptual	Belk. 1985; 1988; 2015	Material possessions are an important source of prestige. Loss of possessions, even in a digital world, could be regarded as a loss or lessening of self.
Group locus of control and consumption	Consumer research/Social neuroscience	Bearden and Etzel 1982; Lieberman 2013	Reference group construct. Public vs. private consumption. Necessities vs. luxuries. Self-control is a source of social cohesion with a group.
Egalitarianism vs. dominance in families	Cross-cultural marketing research	Ford et al. 1995	Cultural variables, such as dominance in the purchasing decision making, may affect consumption choice and substantially alter marketing strategy
In-group identification and favoritism	Social psychology	Yamagishi and Kiyonari 2000	In-group favoritism with expectations of in-group reciprocity.
Sharing as social communication. Individual vs. group choice	Consumer research/ Marketing Conceptual	Wildavsky 1987; Belk 2010	Culture is a more powerful construct than heuristics, schemas, and ideologies. Meanings are shared and conferred on objects or events through social interaction. Sharing material or intangible possessions serves as a social communion act and is common within various social groups.

- *Connectedness*, or extreme dependence, denotes a cultural norm that obliges members to give up individual rights of self-determination, entirely share group morality and collective responsibility for actions, and espouse principles of noncontradiction. For individuals characterized by high levels of interdependence, belonging to the group stands above other values; their self-identity is defined by the group perception; and their actions are heavily conditioned by the group expectations (Bagozzi 2000).

The *Dependency* construct is continual by definition and thus should not be confused with the dichotomic constructs such as Individualism vs. Collectivism (Hofstede 1980, 2011) or Autonomy vs. Embeddedness (Schwartz 2006). Hofstede's dichotomic tandem Individualism vs. Collectivism was developed for organizations and traditionally used to characterize nation-states, not social groups. Schwartz's dichotomic constructs Autonomy vs. Embeddedness were developed for individual value orientations and then attributed to national cultures, rather than social group subcultures. In contrast with continual *Dependency*, the said constructs hardly characterize the multicultural EM ecology in which people may simultaneously belong to several groups with different subcultures.

Parity

The second construct, *Parity*, is a characteristic of a group subculture that gauges the degree of member's acceptance or denial of social stratification. Stratified cultures assign an explicit or implicit rank to each social group member in a manner clearly understood and accepted by other group members. Individuals cannot gain status outside their social groups because the phenomenon of status is relative: it reflects a person's social standing awarded by fellow members according to the assumed ranking system (Belk 2011).

Variations of group member attitudes toward social stratification cause *Parity* to shift between two polar value orientations—rigid *Dominance* and loose *Égalité*:

- *Dominance* is a cultural norm denoting an in-group consensual acceptance of social ranking by assigning an explicit social rank to each group member and adopting restrictive behavioral rules suppressing individual freedom. In its pathological form, *Dominance* may turn into tyranny—an arbitrary or despotic use of authority and threat of punishment. People in subcultures accepting tyranny “show a marked dependence on powers outside of themselves, on other people, on institutions, or nature. Often they are incapable of experiencing the feeling ‘I want’ or ‘I am’” (Fromm 1963, p.142). Furthermore, in countries such as Russia, and China, members view in-group interactions as part of a whole relationship; thus, social settings

frequently replicate stratified relationships at a workplace (Hutchings and Michailova 2006).

- *Égalité* is a cultural norm that proclaims unconditional social equality of all group members regardless of their economic status, gender, age, ethnicity, or family roots and affords each group member an equal opportunity without stated obligations to the group. Note that *Égalité* in our context is a cultural norm and should not be confused with political democracy, liberty, or freedom; indeed, EMs provide many contradictory examples. For instance, Gradstein and Milanovic (2004) find that the process of democratization in Eastern European countries increased inequality as the distribution of political and economic power in those societies was highly hierarchical.

The continual *Parity* construct should not be confused with the constructs of Power Distance or Hierarchy vs. Egalitarianism. Power Distance (Hofstede 1980, 2011) is a unipolar construct associated with various sources and causes of human inequality, such as job-related, economic, and political factors, and traditionally applies to nation-states, not social groups. The dichotomic constructs Hierarchy vs. Egalitarianism (Schwartz 2006) were developed for individual value orientations and then attributed to national cultures rather than social group subcultures. These constructs hardly characterize the multicultural ecology in which social groups coexist in spite of diverse dominant cultural orientations and different *Parity* valuations. Indeed, in multicultural EMs, simultaneously belonging to various groups with different levels of *Parity* is common and may cause no psychological conflicts in individual value orientation (e.g., Agrawal 2015).

A taxonomy of cultural ecology

The continual nature of the *Dependency* and *Parity* constructs allows for a more flexible characterization of the subculture at the social group level than the existing dichotomic scales. This flexibility is particularly important for building a new framework that reflects the complexity of individual value orientations and social group dynamics. It overcomes the limitations of some existing typologies, which are frequently presented in table and matrix form and espouse “a crude dichotomic concept” (Bailey 1973, p.22).

For the proposed new framework, more appropriate is an approach based on circular models characterizing personal value orientations as graduated scales. The “circumplex” (circular continuum of complexity) approach, which is gaining recognition in the social sciences, is a model mathematically proven to provide a better representation of variables for the social sciences than the frequently used 2×2 matrices (Gurtman 2009). Such models have been adapted and

increasingly used in social psychology (Wiggins 1996), social philosophy and marketing (Belohlavek 2005), and cross-cultural research (Herdin 2012; Martínez-Arias et al. 1999).

To characterize a social group's subculture, the Taxonomy of Cultural Ecology utilizes two variables: the direction of individual value orientation and the strength of a member's resolve to follow this orientation. In mathematics, an entity possessing both direction and magnitude is called a *vector*. A social group's value orientation, therefore, may be represented as a *vector space* reflecting a continuous distribution of individual attitudes toward *Dependency* and *Parity*. A combination of multiple vectors, each reflecting the extent and direction of individual value orientations, determines the preeminent value orientation of a particular social group. If individual vectors converge (i.e., stretch in proximate directions), they support each other and strengthen the extent of a cumulative social group vector. If individual vectors are oriented in opposite directions, their overall impact on a cumulative social group vector will be relatively small. Finally, tangential vectors will affect not the strength but the direction of a social group vector. Such a vector-based Taxonomy takes into account the diverse and contradictory nature of member value orientations affecting the subculture of a social group. The Taxonomy characterizes *cultural ecology as a gradual continuum* and, thus, avoids the limitations of dichotomic typologies.

Figure 1 presents the Taxonomy of Cultural Ecology; note that its circular structure encompasses the entire range of sub-cultural value orientations.

The level of *Dependency* characterizing a particular group subculture can be marked as a position on a horizontal axis between the two extremes of *Detachment* and *Connectedness*. Similarly, the level of *Parity* characterizing that group subculture can be marked as a position on a vertical axis between the two extremes of *Dominance* and *Egalité*. Thus, each cultural

ecological system can be characterized by a bivariate distribution of its *Dependency-Parity* measurements. The geometrical proxy of each social group subculture is the vector stretching from the center of the circumplex to the point denoting the respective *Dependency* and *Parity* levels. Assuming the radius of the circle equals 100 units, the vector length may vary from 0 to 100 and its rotation may range from 0 to 360°. Further development of the measurement scale will be addressed during the next phase of this research.

This circumplex design of this Taxonomy as a circumplex model has several benefits. First, it uses only two continual variables—*Dependency* and *Parity*—to map cultural ecology of social groups. Second, it facilitates subcultural mapping recording prevailing value orientations using a single vector with the length and angular position corresponding to *Dependency* and *Parity* for that social group. Third, the transition of subcultures over time can be registered through changes in the corresponding vector length and angle. Fourth, this model provides a structured comparison and easy visual representation of subcultural compositions in the multicultural environment of a country or geographic region by placing multiple groups with different subcultures within the same circular space, which enables effective inter-group comparison.

Effects of the group subculture on consumption choices

The Taxonomy allows us to define the cultural ecology in EMs using characterization of the distinct social group subcultures associated with the respective quadrants illustrated in Fig. 1. Each of these four types of subcultures directly or indirectly affects purchasing motivations and influences the consumption choices of its group members.

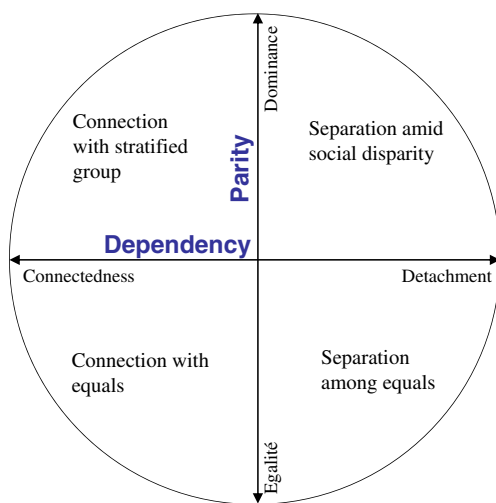


Fig. 1 Taxonomy of cultural ecology

1) Groups belonging to the *Connectedness/Egalité* quadrant

In social groups with the subculture oriented toward *Connectedness* and *Egalité*, members develop strong personal ties. However, evolution of an internal group structure does not change its members' perception that their peers have an equal social rank. The group behavioral norms are developed and maintained by the social group as a whole, and consumption choices depend on the anticipated group reaction to its members' purchasing decisions.

2) Groups belonging to the *Connectedness/Dominance* quadrant

In social groups with the subculture oriented toward *Connectedness* and *Dominance*, members develop strong personal ties. Evolution of an internal group structure bolsters members' perception of their peers as holders of particular social ranks and renders mutual support.

The members with high social ranks exert a disproportionate influence on group behavioral norms and therefore strongly affect other members' purchasing decisions.

3) Groups belonging to the *Detachment/Dominance* quadrant

In social groups with the subculture oriented toward *Detachment* and *Dominance*, ties among the members are weak and mostly formal. Evolution of an internal group structure increases members' competition for higher social rank at the expense of their peers. Most members attempt to earn or capture higher rank positions to increase their influence on the group behavioral norms; however, consumption choice and purchasing decisions may substantially vary across the group.

4) Groups belonging to the *Detachment/Egalité* quadrant

In social groups with the subculture oriented toward *Detachment* and *Egalité*, ties among the members are weak or nonexistent. Internal group structure is formed on an ad hoc basis, and the members are not socially ranked within a group. The members of such groups are only loosely connected, their behavioral norms are diverse, and consumption choices depend mostly on their individual needs; thus, member purchasing decisions are minimally influenced by a group.

Research propositions

The research propositions stem from the aforementioned processes and use the Taxonomy to associate social group cultural values with the prevailing consumption patterns demonstrated by group members to establish a foundation for future empirical research. These propositions connect the dynamics of the group cultural ecology with the anticipated changes in member motivations and consumption choice. Thus, they can serve as the basis of empirical research of various group members' consumption choices. We posit that, for each quadrant of the Taxonomy, the longer the group vector reflecting the social group's value orientation, the more pronounced the consumption patterns peculiarities adopted by group members. This assumption based on group characterization in the *Dependency/Parity* space allows us to formulate the research propositions presented in the following subsections.

1) Groups belonging to the *Connectedness/Egalité* quadrant

Members of the social groups adopting the cultural norms in this quadrant will likely adjust their consumption habits to conform to those demonstrated by the majority of other group members.

P1: In social groups with high levels of *Connectedness* and *Egalité*, group subculture motivates its members to

converge their public consumption patterns to signal in-group conformance.

This pattern can be illustrated by the research in rural Chinese communities conducted by Knight et al. (2007), who find that individuals associate themselves with groups of their close neighbors. Assessing their respective living standards (i.e., consumption patterns), 89 % of respondents used predominantly in-group reference points, comparing their consumption with that of immediate neighbors or other fellow villagers. Similarly, a young female software developer from India remarked:

In my social environment, appearance plays a huge role, particularly, among young professionals. If I buy a dress, I can wear it only infrequently and not more than several times overall. Otherwise, people will think that I have nothing else to wear. Therefore, my friends prefer to buy multiple relatively inexpensive outfits, matching shoes and accessories, and wear them once in a while.

2) Groups belonging to the *Connectedness/Dominance* quadrant

Members of the social groups adopting the cultural norms in this quadrant will likely adjust their consumption habits to indicate their respective positions on a group social ladder.

P2: In social groups with high levels of *Connectedness* and *Dominance*, group subculture motivates a greater correspondence between perceived in-group social ranks of its members and their public consumption patterns.

This type of cultural norms is associated with what Bearden and Etzel (1982) call "utilitarian group influences" when compliance with the wishes of group members is rewarded and non-compliance is punished. For example, Goneos-Malka et al. (2012) demonstrate that in South Africa, 80 % of whose population own mobile phones, youths choose phone brands and models to clearly identify themselves with their social group (sometimes a gang) and establish their pecking order within the group. In such subcultures, makes and models of mobile phones confer the status to the owners: more expensive and advanced phones are demonstrative symbols of dominance over rivals. A Ukrainian businessman active in banking and real estate industries describes another example of public consumption influenced by social status:

Coming to business meetings, I drive either Porsche or Mercedes to correspond to my social position of a banker in the invisible, but quite rigid, hierarchical system in

my social group. Once, I flew in to take part in an important business meeting and, at the airport, in a hurry, rented Toyota Camry. After the meeting, one of the partners quietly asked me: “You drive a Toyota today. Are there problems in your bank?”

3) Groups belonging to the *Detachment/Dominance* quadrant

Members of the social groups adopting the cultural norms in this quadrant will likely develop consumption habits asserting competitive personal standing to establish and advance their perceived position on a group social ladder, even if it happens at the expense of lower status members.

P3: In social groups with high levels of *Detachment* and *Dominance*, group subculture motivates its members to adjust their public consumption patterns to clearly signal their social rank to both in-group and out-group members.

This connection between subculture and consumption can be illustrated by a positive correlation between public consumption levels and subjective perceptions of income and social status of consumers in Russian society (Lokshin and Ravallion 2002). As a result, consumers making purchasing decisions must second-guess future reactions of known in-group members and total strangers—unknown out-group members. An admission of a Russian businessman further illustrates this point:

A couple of years ago, I was looking for a new laptop bag. In a business world, those bags are the first items ‘scanned’ by other people to assess one’s social standing. While a black or brown bag would be more practical and last longer, I chose to buy an expensive light-beige leather bag and later got a number of compliments from the business partners who were impressed with my choice. Such a bag holding a high-end laptop signaled to strangers that the owner cares more about cool appearance rather than practicality, which is indicative of a person of means and serious business partner. Several deals I made afterward might not have materialized if my appearance was more modest.

Consumers belonging to this type of social group may have a particular propensity to associate their possessions with extended selves (Belk 1988) and espouse consumption patterns focusing on what Tian et al. (2001) calls “counterconformity” to assert their competitive standing among peers within a social group.

4) Groups belonging to the *Detachment/Egalité* quadrant

Members of the social groups adopting the cultural norms in this quadrant will likely develop self-sufficient

consumption habits and rarely, if ever, seek the group feedback.

P4: In social groups with high levels of *Detachment* and *Egalité*, group subculture motivates its members to exhibit public consumption patterns that conform to their personal tastes and signal independence.

This type of subculture can be found in societies where members have only a loose and optional association with social groups and members feel relatively low need for group feedback. For example, nomads, such as Tuaregs in Sahara, Mongols in the Asian steppes, and Chukchis in the Russian tundra frequently migrate with small families or in small groups. Such individuals are detached from larger communities most of the time and rely on self-sufficient consumption.

Published studies of various social groups (Naumov and Puffer 2000; Ralston et al. 2006) indicate an increased rapidity of cultural transition in India, Russia, and China. Due to surging multiculturalism in EMs, is reasonable to assume that this transition at the societal level likely results from a substantial change of the cultural value orientations espoused by social groups with different levels of *Dependency* and *Parity*. The rapid transformation of cultural values manifests itself through significant shifts of observed public consumption patterns (Silverstein 2012).

General discussion

The extant literature indicates that many marketing strategies for EMs have been developed using consumer economic status (income level) as the only moderator (e.g., Howell and Howell 2008). This approach is likely to lead to suboptimal results unless cultural dynamics in EM societies are taken into account as an important factor of market analysis and segmentation (e.g., Silverstein 2012; Trompenaars and Woolliams 2003). Every society’s cultural environment represents a complex ecosystem in which multiple subcultures coexist and relationships among these subcultures become entangled and evolve over time (e.g., Demangeot et al. 2015; Erez and Earley 1993; Sutton and Anderson 2009). In contrast with developed economies, in EMs the cultural ecology is much more heterogeneous and the cultural transition is particularly dynamic. Conceptual understanding and interpretation of such intricate environments and processes represent a formidable task. Even more challenging is their operationalization for practical purposes such as marketing strategy development.

The purpose of this research is to systematically conceptualize and classify the cultural ecology in EMs to develop a theoretical framework. The research is rooted in theories developed within social sciences connected to marketing, namely, social psychology, anthropology, sociology, and behavioral

economics. We strived to establish “a clear nexus with one or more issues that are central to the marketing discipline” (Yadav 2014, p. 2) and connect respective theories with a better understanding of consumer purchasing preferences based on social group cultural characteristics. As a result, we built our theoretical foundation explaining culture-induced consumer behavior in EMs where empirical studies are lacking and become dated quickly after they are conducted due to rapid socio-cultural transition. Drawing on the generalized approach to theory building offered by Cronbach and Meehl (1955), Spiggle (1994), and Hunt (2011), we assumed that the observed behavioral patterns in EMs might be subject to interpretation, which is materially different from that given by the extant theories. This novel interpretation became the basis of the Taxonomy of Cultural Ecology.

The paper presents a systemic analysis and constructive critique of the existing theoretical frameworks in the space of social psychology and cross-cultural research. This analysis revealed two types of issues common to the existing theories: 1) the ‘targeting fallacy’—the underlying assumption that national cultural dimensions more or less uniformly characterize all citizens of a nation-state; and 2) the ‘standstill fallacy’—the declared assumption that cultures are mostly static.

First, extant research mostly analyzes cultures at either a macro level, using a national culture as a unit of analysis, or micro level, using individual value orientation as a unit of analysis. The macro-scale approach overgeneralizes national cultures, largely ignoring the subcultural granularity of a society, and may lead to national stereotyping and prejudice. Hofstede (1980, 2011), Trompenaars and Hampden-Turner (1998), among others, popularized this method, which is based on the *deductive assumption* that dichotomic cultural dimensions are universal and applicable to the values and behavioral patterns of the majority of residents of a nation-state. The micro-scale approach advanced by Schwartz and Bilsky (1987) (e.g., Schwartz 2006; Schwartz and Butenko 2014), among others, characterizes cultures based on an *inductive assumption* that the value structure exhibited by individual respondents of a given study can be then extrapolated and applied to other citizens of a given nation. Both types of generalizations suffer from the ‘targeting fallacy’ in that they miss the quintessential target—the social group, which is an important building block of the diverse cultural ecology in EMs.

Second, the extant theories were developed for and initially tested in the Western societies under the assumption of cultural stability of nation-states (e.g., Agrawal 2015; Hofstede 2001; Schwartz 2006). The validity of such an assumption is undermined by the rapid change in the world’s cultural fabric related to the extensive voluntary and involuntary migration of people for such diverse reasons as political processes, labor or educational opportunities, and ethnic cleansing. The turbulent development of EMs intensifies cultural dynamics, and the

‘standstill fallacy’ further reveals the limitations of extant frameworks.

As a result of a rigorous review of the cross-cultural research literature, we identified the contradictions between the need to characterize the dynamic transition of multicultural environments in EMs and the solutions offered by the existing cultural typologies. The suggested Taxonomy of Cultural Ecology represents a conceptual framework resolving those contradictions and offering novel solutions. The Taxonomy aims at the cultural characterization of the social groups, the main building blocks of complex and heterogeneous socio-cultural systems of EMs. This new framework enables both static and dynamic analysis of cultural ecology; it breaks away from the rigid dichotomic dimensions and maps the subcultural transition using the new continual constructs *Dependency* and *Parity* to characterize degrees of social engagement and social stratification, respectively, within a group.

This tool allows for a snapshot-type comparison of multiple subcultures within a society as well as a continual observation of their transformation. When assessing cultural dynamics, this Taxonomy may serve as a registry of temporal transition of a group culture with measurements taken with reasonable regularity (similar to Schwartz’s National Value Survey, GLOBE studies (e.g., House et al. 2002) and the Russian Longitudinal Monitoring Survey (e.g., Senic 2008)). Finally, this Taxonomy can be used to categorize a particular culture in terms of a hierarchy of human needs and social values and to compare and contrast them with the established systems (e.g., Maslow 1943; Schwartz 2006). Thus, we contribute to the marketing theory, particularly its macro-marketing domain as defined by Hunt and Burnett (1982).

As with most new theoretical developments, the proposed framework is not free from limitations. Although it is based on a thorough research of extant literature, there might be additional relevant publications that may imply a need for modification of the theoretical model used to build the suggested Taxonomy of Cultural Ecology. To further expand the Taxonomy and test its validity, it is important to explore various methodologies and develop suitable tools to allow for identification of the congruent social groups, the subjects of the subcultural characterization.

Managerial implications

The greater clarity offered by the suggested Taxonomy of Cultural Ecology affords managers an easier interpretation of disparate, and oftentimes confusing, cultural metrics used in the extant marketing literature. We foresee applications of this Taxonomy in at least three important areas: strategic

marketing, advertising, and the management of organizations in EMs.

Marketing strategists can use this Taxonomy to understand the subcultural value orientation in multicultural marketplaces, identify the substantial and reachable market segments, and develop penetration strategies with greater product acceptance rate. Being based on the measurements of subcultural values, rather than on the vague concept of national culture, such strategies can help strategists avoid painful and costly failures (Jargon 2011). Furthermore, the Taxonomy enables them to map the cultural transition of social groups in its continuity, to more accurately predict potential changes, and to customize product features and delivery methods effectively, thereby meeting expectations of the target social groups in EMs.

Advertising and public relations managers may benefit from the better grasp of cross-cultural differences in EM societies that the Taxonomy affords. They should be able to develop messages more accurately conveying intended contextual meaning for target subcultures and avoid misinterpretation or negative connotations (e.g., unwittingly violating target group cultural norms by the verbatim translation of Western ads) (Kivenzor 2015). Armed with the Taxonomy, advertising managers can fine-tune messages addressing specific social groups, customize their context, and choose the proper media to increase marketing reach and effectiveness in a challenging multicultural environment.

Managers of multinational corporations active in EMs may benefit from the use of the Taxonomy while developing internal policies that attract—rather than alienate—employees representing different subcultures within the same nation-states, whether they are large, like China, with its dispersed population and extensive urbanization, or small, like the South African “rainbow nation” with its nine official languages. A need for such a systematic approach is supported by the result of a survey of corporate executives from 68 countries: Approximately 90 % considered cross-cultural leadership as the top management challenge (Livermore 2010). Organizational design based on subcultural analysis will allow for a more effective assignment of roles and responsibilities to employees. Understanding employee cultural value orientation within the organization will help avoid open or latent conflicts due to misunderstandings of in-group views of social status, seniority, and individual achievement and reduce the probability of employee disengagement or even direct sabotage resulting from management biases. In general, managers in companies operating in multicultural marketplaces may benefit from the use of the Taxonomy of Cultural Ecology as a tool that helps them systemically operationalize subcultural differences in value orientation amid the dynamic transition of the cultural environment in EMs.

Conclusion

The Taxonomy of Cultural Ecology provides an important contribution to the body of marketing theory, drawing on frameworks developed by various social sciences and connecting them to the consumer motivation and consumption choice influenced by a social group. The Taxonomy suggests a novel approach using the social group as the focal unit of analysis to develop a framework conceptually different from the existing theories. This new framework serves as a strong foundation for future cross-cultural research, introducing *Dependency* and *Parity* as new constructs suitable to characterize group subcultures during the rapid cultural transition in EM societies. The concepts integrated into the Taxonomy have both the explanatory and predictive power. Measurements of the *Dependency* and *Parity* values assessed in the process of cultural transition enable marketers to systemically and continually map cultural changes and understand the effects of the cultural dynamics to predict consumption trends.

Overall, this research represents a step forward from an abstract concept of a static national culture by focusing on dynamic social group subcultures. The research propositions offered herein can help marketing scholars map and specify hypotheses for empirical research focusing on measurements of the value orientation of the target group subcultures in EMs. Social groups are the most potent targets for marketing campaigns in EMs, and understanding their subcultures should serve as a cornerstone for successful marketing strategy planning and execution in these markets.

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