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Globalization of Culture: The Value of Internet Access to Canadians

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New communication technologies have created a global network that could erode national cultural boundaries and create a global consumer culture. Will US values eventually overwhelm peoples' sense of community and social solidarity? Because of proximity to the US, and a long history of exposure to US media, Canada provides an interesting foretaste. Current Canadian new media preferences may be indicative of what to expect elsewhere. To assess what might happen, we use a choice experiment survey to determine the contribution different types of Canadian and international Internet services make to the overall value of Internet access to Canadians.

Introduction

Few subjects have polarized world opinion as much as globalization. Advocates see it as bringing unprecedented worldwide prosperity. Opponents, perhaps best symbolized by the Seattle protestors of December 1999, see globalization as the source of untold problems, from the destruction of native cultures to increasing poverty and misery (Stiglitz, 2002).

New communication technologies have created the opportunity for a global culture. A broadband Internet, communication satellites, digital cable TV and ubiquitous wireless telephony have connected the worlds' citizens, eroded national boundaries, and may be smoothing the edges off cultural identities. The global media/entertainment companies increasingly control the socio-political agenda and shape the dreams of ordinary citizens regardless of where they grow up. Artz (2003, p. 19) argues 'a homogeneous middle class culture has grown up internationally around pop music, fast food, action movies, animated features and other McDonalized, Disneyfied, Hollywood fare'. Serious researchers (Bird and Stevens, 2003) can ask are distinct national cultures headed for obsolescence, through assimilation by a global "consumer" culture? Is American English replacing linguistic diversity? Are materialistic consumer values going to overwhelm peoples' sense of their distinctive community and social solidarity? Or, more optimistically, will a cultural convergence lead the way to greater shared values and political unity?

Even opponents of the view that globalization is leading to cultural homogeneity, such as Fukuyama (1996), accept that there is a convergence of political and economic ideologies. However, they argue that globalization is largely superficial, as there are deeper elements of culture not easily abandoned, most trade is largely regional, companies are recognizably national, and certainly governments remain very national. Certainly, there is a real resistance to cultural homogenization.

On the surface there is a global consumer culture that is spread by companies like McDonald's, Coca-Cola and Nike. The desire for material progress is obviously a universal drive. However, if you look beneath the surface and ask people in different countries where their loyalties lie, how they regard their families, and how they regard authority, there will be enormous differences. Obviously language, religion, and race are all important components of a local identity.

Economic convergence

While not quite unanimous, there seems general agreement that there has been significant economic convergence of national economies (Fischer, 2003). Williamson (1996) finds the second half of the twentieth century an epoch of overall fast growth, globalization and economic convergence, with an unambiguous positive correlation between globalization and economic convergence. Sachs and Warner (1995) agree, arguing that from 1985 to 1995 we have witnessed the most remarkable institutional harmonization and economic integration among nations in world history, with one dominant global economic system emerging.

Globalization of the economy has consisted in large part of the weakening and even destruction of the institutional buffers between national economies and global markets (Riain 2000). More controversial is the economic determinists position that economic change generates social change and political progress, such that cultural convergence will also occur (Fiegenbaum 2002). Some marketing authors suggest convergence will lead to homogeneous consumption behavior and lifestyles (Levitt, 1983; Assael, 1998, p. 501; Czinkota and Ronkainen, 1993, p. 67).

With respect to cultural convergence, some see globalization as a synonym for Americanization (Fiegenbaum, 2002). In many ways the globalization debate harkens back to what Herbert Schiller (1976) referred to as "cultural imperialism", whereby large multinational corporations, including the media, based in the USA and other developed countries are said to dominate developing countries.

Cultural values

While much work focuses on differences, it is as well to remember that values are built on a substantial list of what anthropologists have found to be cultural universals (Murdock, 1945). While other approaches to cultural differences have found favor (Hall, 1976; Trompenaars, Hampden-Turner and Trompenaars, 1997) the predominate approach adopted in the business literature has been that of Hofstede (1980, 1991, 2001). Hofstede (1980) made a major contribution to our understanding of cultural differences, by identifying four dimensions of national cultural values in data collected from a large multi-country sample of IBM employees. Because of the availability of scores for a large number of countries, Hofstede's dimensions of power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity, updated to include Confucian dynamism, have been widely investigated as explanatory variables in international business research (Kogut and Singh, 1988).

However, recently Gooderham and Nordhag (2001) report a significant convergence of values across Europe, along Hofstede's four value dimensions, obtained from students enrolled at eleven leading European business schools. They concluded globalization is a multi-faceted concept, involving not only increased trade and an increased scope for multinational companies, but also cultural convergence through the dissemination of ideas and values.

Although not empirically based, Lewis (2003) investigates whether human values and modes of behavior are standardizing or coalescing, with cultures aligning themselves. He concludes that most cultural groups will enjoy continued and diverse longevity. While he accepts culture is dynamic, rather than static, he argues the process of change is cautious, clinging to vestiges and memories of past experience. Change really occurs only if the cultural group acquires a new vision of the future.

On the contrary, De Mooij and Hofstede (2002) argue that converging incomes and converging technology will not lead to a homogenization of consumer behavior because of cultural differences. They claim value differences will manifest themselves even more strongly in differences in consumption. When countries converge with respect to national wealth, cultural variables start to explain more of the differences in country-level consumer behavior. The wealthier countries become, the more manifest is the influence of culture on consumption. They conclude new economy technologies are not changing people's values.

Preston and Kerr (2001) challenge the suggestion that globalization or an emerging singular global 'cyberspace' of information production and exchange. Based on digital multimedia content production case studies, including an Irish 'technology tiger', they accept that new ICT and multimedia technologies and infrastructure markets (hardware and software) are increasingly global in scope, but they argue this is much less so the case for cultural or symbolically laden content services. These continue to be characterized by distinct national, ethnic, etc. cultural identities.

Arnett (2002) examines the psychological consequences of globalization and argues that most people worldwide now develop a bicultural identity that combines their local identity with an identity linked to the global culture.

Canadian Cultural Convergence

The Canadian experience provides an interesting opportunity to examine these issues. First, the 1988 Free Trade Agreement with the USA and the subsequent North American Free Trade Agreement adding Mexico have demonstrably generated considerable economic convergence. Second, with a very high proportion of the Canadian population living along the border with the USA, Canadians have not only long been treated as an integral part of the US domestic market by the Hollywood studios, they have been subject to saturation US analogue media coverage for more than three generations, first with radio, then broadcast, cable and satellite television. Most Canadians have been living in a borderless communications environment for many years. For example, 12 of the 14 highest rating television series in English speaking Canada during the 2001-2002 television season were American, including E.R., CSI, Law and Order, and The Sopranos. If globalization will indeed create cultural convergence, Canadians should already provide evidence for it.

Indeed when Ekos Research polled Canadians in May 2002, 58 percent of Canadians thought Canada was becoming more similar to the United States, whereas only 9 percent thought Canada was becoming more distinct. Interestingly, this perception existed despite the fact that only 12 percent wanted Canada to be more like the United States while 52 percent wanted Canada to be less like the United States. However, not all commentators agree. For example, Adams (2003) advances the thesis that Canadians and Americans are actually becoming increasingly different from one another. Using data from periodic polls by CROP/EnviroNics in Canada and Kaagan Research Associates in the United States, Adams (2003) claims that at the level of values, feelings and beliefs, Canadians and Americans are not only markedly distinct, they are becoming more so.

Media markets

Media content rooted in one culture and therefore attractive to it because the audience shares a common knowledge and way of life, has a diminished appeal in another culture, as the audience finds it more difficult to identify with the style, values, beliefs, history, myths, institutions, physical environment and behavioral patterns. Hence to the extent that cultures differ, the audience applies a 'cultural discount' (Hoskins and Mirus, 1988) to the foreign media content. Evidence that it is culture, not just language, that is important is provided by McFadyen Hoskins and Finn (2003), who found a country's cultural distance from the USA, estimated using Hofstede's measures, best accounted for variation in the prices paid for US television programs around the world. Whereas the cultural discount applies to news, information and entertainment content and services, no such discount would be expected to apply to the vast majority of the goods, such as computer and electronics equipment, clothing, and household goods available through

online retailers. However, other barriers exist in the case of physical goods, in the form of transportation, currency conversion and customs duty costs.

Research Hypotheses (H)

Below we identify specific research hypotheses for applications to Internet content and services. These are based on the argument that a cultural discount will mean strong cultural differences will make Canadian offerings more highly valued, for information and entertainment content or services, but not for online shopping.

- H1. The small proportion of Canadian news and information content will be valued more highly than the far larger amount of non-Canadian news and information content accessible via the Internet.
- H2. The small number of Canadian portal and directory services content will be valued more highly than the far larger amount of non-Canadian portal and directory services accessible via the Internet.
- H3. The small number of Canadian entertainment and game sites will be valued more highly than the far larger amount of non-Canadian entertainment and game sites accessible via the Internet.
- H4. The small proportion of Canadian online shopping services will not be valued more highly than the far larger number of non-Canadian online shopping services accessible via the Internet.

If there are still substantial cultural differences between Canada and the USA, the cultural discount will make Canadian offerings more highly valued for those types of content and online services whose culture specificity is substantial (e.g., H1), but not elsewhere (e.g., H4).

Alternative predictions

1. The US population and its economy are approximately ten times the size of those of Canada. In the complete absence of cultural differences, the value of having access to the far larger number of Internet services available in the US would clearly exceed the value of having access to the smaller number of Canadian services, regardless of the nature of the service. If cultural convergence is complete, Canadian offerings will not be valued more highly in any area.

2. If cultural differences were very great, such that the cultural discount approached 100%, the value of access to even a smaller number of Canadian services would be expected to exceed the value of access to the far larger number of US services, regardless of the nature of the service.

To investigate these cultural convergence predictions a survey was developed to quantify the value Canadians place on broadband access to various types of Internet content and services. Lee, Park and Kim (2003) used survey data from a convenience sample of Korean university students to estimate the value of high-speed access to Internet information using a hedonic price model. Our study used a choice experiment survey. In choice experiments, respondents are offered sets of competing goods, described in terms of attributes, at different prices, and respond by indicating which, if any, of the goods they would purchase (see Louviere, Hensher and Swait, 2000). Using a random utility theory approach, the stated choice responses are used to identify the collective valuation being placed on each choice alternative, with a value implicitly being placed on each attribute of each alternative.

Random Utility Theory

Random Utility Theory postulates that the i th household respondent has an unobservable, latent preference or utility, U_{ij} , for the j th alternative amongst a choice set, C , of offerings. The latent utility can be expressed as the sum of an observable (explainable) component, V_{ij} and a random (unexplainable) component e_{ij} . In turn, V_{ij} is an additive indirect utility function of its attributes, including Internet components X_{ij} , household characteristics, S_i , and payment, P_j ,

$$(1) \quad U_{ij} = V_{ij} (X_{ij}, S_i, P_j) + e_{ij}$$

Respondent i will choose alternative h rather than j if $U_{ih} > U_{ij}$. Hence,

$$(2) \quad \begin{aligned} P_{ih} &= \text{Prob}(U_{ih} > U_{ij} \text{ for all } j \text{ in } C, j \neq h) \\ &= \text{Prob}(V_{ih} - V_{ij} > e_{ij} - e_{ih}, \text{ for all } j \text{ in } C, j \neq h) \end{aligned}$$

If the errors are independent and identically distributed Gumbel random variates, one derives the well-known and widely applied MNL choice model, and it follows that the probability that respondent i will choose alternative h is:

$$(3) \quad P_{ih} = \exp[V_{ih}] / \sum_{j \in C} \exp[V_{ij}] \quad \text{where, if}$$

$$(4) \quad V_{ij} = \alpha + \sum \beta_k X_k + \sum \beta_s S + \beta_p P$$

the probability of respondent i choosing alternative h from a choice set of alternative offerings can be obtained by substituting in program attributes (X_k), household characteristics (S) and payment levels (P) into the estimated utility function. Using a choice experiment one can estimate overall offering values without requiring the assumptions needed to translate estimates of traditional conjoint program utilities into choices (Louviere, 1994). Citizens can indicate what choice they would make for each offering, enabling welfare loss based values to be estimated for each component of the offering.

Initially used to optimize the design of private goods, choice experiments have begun to be used for research on policy issues such as the valuation of environmental benefits (Adamowicz, et al. 1998; Hanley, et al., 1998, Alpizar, Carlsson & Martinsson, 2003). Finn, McFadyen, Hoskins and Hupfer (2001) demonstrated that choice experiments could be used to obtain estimates of the use and non-use values provided by components of the public broadcasting service. Finn, McFadyen and Hoskins (2003) found the major contributors to the value of the Canadian Broadcasting Corporation for English speaking Canadians were Sports, National News, Canadian Drama, and Canadian Comedy programs, while French language programming was viewed as detracting from the overall value.

Application

Our empirical application uses a choice experiment to obtain estimates of use values of (i) the English speaking Canadians' access to the Internet as a whole using different forms of access; and of (ii) major components of Internet content, such as News and information versus Online shopping or Sports related, and (iii) the Canadian versus non Canadian Internet content.

We categorized Internet content and services into components for valuation by considering current policy issues. These include distinguishing between types of content and services, and between domestic and foreign content in areas where the Canadian government has programs to support Canadian content in the traditional media. For example, the Canadian government provides support for Canadian entertainment on television and film, and for news and information in newspapers and magazines. Controversy over the adequacy of the Canadian response to opportunities for e-Commerce suggested a need to distinguish access to Canadian and Non-Canadian on-line shopping. The resulting content categories, with examples are shown in Appendix 1.

Study Design

A choice experiment is conducted using a survey of households in English speaking Canada. The choice experiment is used to determine the value of various types of Internet content. To present a realistic decision context, the choice experiment asks respondents to choose between high speed access at higher prices, dial up access at lower prices, relying on other access, or having no access to the Internet, when the Internet offers different combination of types of content and services (see Appendix II). To test

the hypotheses four types of content were manipulated to be either absent, non-Canadian only or Canadian only. These were Portal, directory and search; News and information; Online shopping; and Entertainment and games. To ensure a realistic choice context, six additional types of content were manipulated to be either available or absent. These were Sports related, Education, training, career & jobs, Government & public sector, Online banking & financial, Travel & tourism and Adults only content. Always available were E-Mail, Messages & Chat and Transfer files (computer, graphic, audio, video). Although our main effects design requires responses to 24 packages, we employ two versions of the survey each containing twelve of the choice sets.

Based on market rates at the time, the eight payment levels selected for high speed access for the study are \$48, \$40, \$33, \$27, \$22, \$18, \$15, and \$13. The two payment levels selected for dial-up access are \$10 and \$6. Because choice experiment surveys are not common, the survey booklet includes the example of how someone could respond to a programming package shown in Appendix II.

For validation purposes, we ask two open-ended contingent valuation questions for the full Internet content. The first asks for an amount for high-speed access; the second asks for an amount for dial-up access. We frame both the choice experiment and the open-ended questions in terms of monthly payments. In this market charges for cable, for telephone services, and for other utilities are predominant expressed in terms of monthly payments.

We locate the choice experiment within a twelve-page survey booklet. It follows a cover page, a page of attitude related items collected using a five point Likert scale, and a page of questions about how often various types of Internet content and services are used by members of the household. The attitude items are used to obtain a measure of attitude towards the Internet and to remind respondents of issues raised in the debate over the future of the Internet. The usage rate items are used to ensure respondents consider the Internet usage by other members of their household before responding to the valuation questions. The final four pages of the survey collect other data that could help explain variation in valuations across households, such as other media availability, total Internet access hours, Canadian content as a percent of surfing, and household demographics.

Data Collection

A sample of 1600 households from English speaking areas of Canada purchased from a survey list supplier was randomly assigned into the two groups of 800. Data collection followed the modified Total Design Method (Dillman, 2000). On April 29, 2002 we mailed a letter to notify households they had been selected for the survey. On May 6, we mailed the survey, consisting of a cover letter, the questionnaire, the glossary of types of Internet content, and a postage paid reply envelope. It also included a 50-cent coin, chosen as a token incentive because it is rarely seen in circulation. The cover letter asked for the person who handles the household's monthly budget to complete the survey, to minimize instances of respondents agreeing to payments exceeding their household's discretionary spending on entertainment. On May 15, we mailed a thank you and reminder postcard to all members of the sample. Finally, we mailed a second copy of the survey to all remaining non-respondents on May 29. A total of 400 survey packets were returned as non-deliverable. Surveys were returned from 412 households, with 364 provided useful data in response to the choice or contingent valuation questions. Thus the overall response rate was 23% using the standard definition (Wiseman and Billington, 1984).

Choice Experiment Analysis

Initial model estimation was carried out using the Nlogit module in Limdep. The model was specified to account for the choice between unlimited high speed access (High speed), dial-up phone access (Dial-up) or relying on work, school or other access (Other access) relative to the base option of Wouldn't want access (None) in terms of the various types of content, price, selected demographics, and alternative specific constants. The choice experiment asked respondents to make choices for twelve choice tasks, generating panel like data. Only the 278 respondents who indicated their response to at least one of the choice tasks were included in the model estimation. Hence our estimated values are for 76%

of respondents. Our conservative estimates of values for the population assume a value of zero for the 24% of excluded households.

Results

The results from the multinomial logit choice model are shown in Table 1. Model coefficients, standard errors and probabilities are reported for price and for each of the types of content and demographics for each of the three choice options for providing access to the Internet. First, as expected there is a very strong negative effect of the price of access on the probability of choice. This enables us to translate from choice model parameters to welfare values. Of the types of Canadian versus Non-Canadian Internet content and services investigated in the study, Canadian news and information is identified as having a significant positive impact on the probability of choice for all three forms of Internet access. Non-Canadian news and information, Canadian portals, and Canadian shopping also have significant positive effects on the probability of choice of high speed Internet access.

Other effects

First, Adult only content has a very large and statistically significant negative effect on the choice probability for all three forms of Internet access. This occurs even though, being a separable component of the Internet, economic theory would suggest it should not reduce the value of the Internet access. Banking and financial services and Travel and tourism both have significant positive effects on the probability of choosing high-speed access. Education and career and Government are generally positively associated with choice probability, but never close to being significant, while Sports is always negative, but also never close to significant.

Several of the demographics are significant. First, there is a strong negative relationship between age and the probability of choosing each of the three forms of Internet access. Second, there is a strong positive relationship between education and the probability of choosing each of the three form of Internet access. In contrast, the effect of income is less consistent, with a negative relationship with other access the only one to reach significance. Finally males are significantly more likely to choose both High speed and Dial-up forms of access.

Table 1
Multinomial Logit Choice Model

Choice variables	High Speed			Dial Up			Other		
	Coeff.	StdE.	Prob.	Coeff.	StdE.	Prob.	Coeff.	StdE.	Prob.
Non-Can. News	.484	.138	.001	.186	.141	.189	.235	.183	.198
Canadian News	.641	.146	.000	.451	.147	.002	.455	.194	.019
Non-Can. Portal	.123	.144	.394	.124	.146	.396	-.140	.187	.455
Canadian Portal	.411	.149	.006	.256	.148	.084	.038	.189	.841
Non-Can. Entertain	.187	.141	.184	.078	.145	.588	-.065	.185	.726
Canadian Entertain	-.106	.143	.459	-.253	.147	.086	-.162	.186	.385
Non-Can. Shopping	.160	.143	.263	.056	.146	.701	.089	.187	.635
Canadian Shopping	.296	.136	.030	.254	.140	.069	.075	.184	.684
Sport	-.180	.122	.138	-.185	.124	.134	-.080	.156	.610
Education & Career	.132	.123	.282	.082	.125	.513	.120	.156	.442
Government	.087	.117	.461	-.019	.122	.877	.074	.159	.642
Banking & Financial	.425	.116	.001	.133	.119	.266	-.044	.152	.774
Travel & Tourism	.308	.115	.008	.182	.118	.124	.127	.152	.407
Adult only	-.880	.116	.000	-.776	.117	.000	-1.009	.150	.000

Income	.365	.240	.128	-.477	.245	.052	-1.448	.316	.000
Age	-2.366	.267	.000	-1.255	.272	.000	-2.439	.347	.000
Education	1.051	.259	.000	.628	.262	.017	1.225	.344	.001
Sex (Male)	.625	.113	.000	.264	.114	.021	-.184	.145	.204
Alternate Specific	1.359	.353	.000	1.373	.345	.000	1.498	.432	.001
Normalized Price	-1.735	.177	.000						

Discrete choice (multinomial logit) model

Maximum Likelihood Estimates

Number of observations 3240

Iterations completed 6

Log likelihood function -3849.891

Log-L for Choice model = -3849.89099

R2=1-LogL/LogL* Log-L fncn R-sqrd RsqAdj

Constants only -4113.5775 .06410 .05848

Values

Table 2 reports the values of various types of content either using all or only a specific form of access for the 76 percent of respondents who provided useful choice data. These are obtained using the multinomial logit model parameters to estimate the welfare loss incurred by removing particular choice alternatives or types of contents, etc. Standard deviations of the estimates are obtained by simulating the measures 5000 times out of a multivariate normal distribution composed by the covariance matrix of the estimated coefficients from the MNL model. For example, the welfare loss estimate from removing Canadian portals suggests a value of \$9.96, whereas the welfare loss from removing Non-Canadian portals suggests a value of only \$3.00. Thus, these estimates provide support for H1. Similarly, the value estimates of \$15.98 for Canadian News and information compared with \$11.41 for Non-Canadian News and information show support for H2. However, there is no support for H3. The estimated value of Canadian Entertainment is -\$3.37 whereas the estimated value of Non-Canadian Entertainment is \$4.27. Finally the value of Canadian On-line Shopping is \$7.39 compared with \$3.84 for Non-Canadian On-line shopping.

The value of High-speed access to all forms of content and services is estimated to be \$47.21 and the value of Dial-up access to all forms of content and services is estimated to be \$3.69. The value of Other forms of access is estimated to be only \$0.91. However it is significantly different from zero, supporting the decision to include it as an important alternative when estimating the total value of a type of content and services.

Table 2
Values Based on Welfare Loss Estimation

Welfare of Removing Alternatives	Total	Canadian	Non-Canadian
News and Information	26.96 (6.32)	15.98 (3.78)	11.41 (3.54)
Portal	12.79 (6.35)	9.96 (3.68)	3.00 (3.58)
Entertainment and Games	0.82 (6.00)	-3.37 (3.58)	4.27 (3.56)
Online Shopping	11.16 (5.89)	7.39 (3.46)	3.84 (3.61)
Education & Career	3.33 (3.10)		
Government	1.92 (3.02)		

Banking & Financial	9.59 (3.01)		
Travel & Tourism	7.48 (2.93)		
Sports	-4.69 (3.04)		
Adult	-23.18 (2.95)		
	High-Speed only	Dial-Up only	Other access
Canadian News and Information using:	13.23 (3.23)	1.27 (0.58)	0.33 (0.23)
Canadian Portal using:	8.75 (3.15)	0.79 (0.52)	0.04 (0.18)
Canadian Entertainment and Games using:	-2.38 (3.16)	-0.98 (0.67)	-0.16 (0.22)
Canadian Online Shopping using:	6.28 (2.93)	0.77 (0.48)	0.07 (0.18)
All forms of content using:	47.21 (7.00)	3.69 (1.12)	0.91 (0.45)

Welfare Calculation

Formula of calculating welfare loss of removing "Canadian Portal"

$$\text{calc ; } o1 = \log(2.73^{u1} + 2.73^{u2} + 2.73^{u3} + 1)$$

$$\text{calc ; } o2 = \log(2.73^{(u1-0.411)} + 2.73^{(u2-0.256)} + 2.73^{(u3-0.038)} + 1)$$

$$\text{calc ; } \text{wel1} = (o1 - o2) / -1.735$$

Note that value estimates for the full population of English speaking households are .76 of the positive values reported above. Thus the full population value of High-speed access is estimated to be \$35.88. This can be compared directly with an open-ended contingent valuation estimate of \$24.76 for High-speed access. Note that these estimates compare with full population value of Dial-up access of \$2.80.

Table 3
Summary of Differential Cultural Discount Hypotheses and Results

Type of Content	Hypotheses	A1 Convergence	A2 Differences	Results
News and information	H1: C > Non-C	C < Non-C	C > Non-C	C > Non-C
Portal	H2: C > Non-C	C < Non-C	C > Non-C	C > Non-C
Entertainment	H3: C > Non-C	C < Non-C	C > Non-C	C < Non-C
Online shopping	H4: C < Non-C	C < Non-C	C > Non-C	C > Non-C

Discussion

Cultural Convergence

Overall our results summarized in Table 3 fail to support the thesis of cultural convergence between English speaking Canadians and the USA. There is evidence that these Canadians generalize their strong preference for US content in established forms of media (entertainment), such as movies and television, to newer forms of media content (entertainment) being developed on the Internet. Not only is Canadian entertainment content of less value than Non-Canadian entertainment content, it is estimated as having a negative effect on the total value of access to the Internet. However, it is clear this pattern of preferences has not generalized beyond entertainment and games to other forms of Internet content and services. English speaking Canadians remain distinct enough in their culture to value the content and services of the smaller amounts of Canadian News and information and smaller number of Canadian Portals and directories available on the Internet far more highly than they value the far larger respective

amounts and numbers of Non-Canadian (primarily US) content and services.

These relative monetary values are directionally consistent with a more recent survey of Canadians (Decima Research Inc., 2003), which found 91% consider the Canadian media important for keeping Canadians informed and 86% consider the Canadian media important for keeping government accountable. In contrast, only 50% consider Canadian media important for keeping Canadians entertained. Moreover, 61% of the sample agreed that the volume of foreign media is threatening to overwhelm Canadian voices in Canadian media, and 73% believed the reliance on foreign voices is likely to increase. It is also consistent with a recently reported online poll of Globe and Mail readers. While coming from a self-selected rather than random sample, 51% of its respondents reported home-grown Canadian New Media content is crucial to creating a national identity, and a further 25% reported it is important.

Values of Types of Content

The major advantage of the choice experiment method over sources, such as the polls discussed above, is its ability to quantify the marginal value provided by different types of media content and services. Of the types of Internet content and services investigated in the study, News and information is clearly identified as making the greatest marginal contribution to overall value. On the other hand, Adult only content has a large negative effect on overall value. While technically a separable component of the Internet, economic theory would suggest it should not reduce the value of Internet access. However, it is clear citizens see it as a detriment rather than separable, and therefore as having a substantial negative effect rather than just no positive effect on overall value. Our findings for Sports content are also negative, in a somewhat surprising finding. Clearly Sports content does not have the same value on the Internet as Finn, McFadyen and Hoskins (2003) found it had for CBC television.

Limitations

One limitation of our current analysis of the choice experiment data is the fact that our valuation results are obtained treating the population as homogeneous in its response to different types of content. Therefore, welfare value estimates use averages rather than the entire distribution. In reality, the value of some types of content could vary significantly across households. Alternative approaches to incorporating heterogeneity (see Wedel, et. al., 1999) may be investigated in future research.

Conclusions

Overall our results fail to support the thesis of cultural convergence between English speaking Canadians and the USA. There is evidence that these Canadians generalize their preference for US entertainment content in established forms of media, such as movies and television, to newer forms of entertainment content being developed on the Internet (entertainment and games). Whereas US entertainment and games content and services are valued positively, their counterpart Canadian content and services are not. However, it is quite clear that English speaking Canadians are still distinct enough in their culture values to view access to the smaller amounts of Canadian News and information and Canadian Portals and directories content available on the Internet as more valuable than access to the far larger amounts of counterpart International (primarily US) content. While English Canadians exhibit preferences for global forms of new media entertainment and games, there is no evidence that they have been assimilated such that their Canadian culture and identity has been replaced by an emergent global culture.

Appendix 1

Types of Internet Content and Services

Send/receive e-Mail, instant messages and online chat

Exchange E-mail with individuals or with groups using listserves and participate in chat using ICQ and instant messenger services (e.g., AOL Instant Messenger, MSN Messenger).

Transfer computer, graphic, audio, and video files

File-sharing applications, such as ftp programs for computer files, Napster for MP3s, and Morpheus and Kazaa for graphic, audio, and video files located on the Gnutella network.

Canadian portal, directory and search sites

Canadian oriented portal page websites, providing links to Canadian information on the Internet, such as Sympatico.ca, canoe.ca, and Canada.com, including directories of Canadian information, and Canadian specific search engines such as Google Canada (www.google.ca).

Non-Canadian portal, directory and search sites

US and other international portal page websites, providing links to worldwide sources of information on the Internet, including directories of information such as Yahoo! (yahoo.com), MSN(msn.com), and search engines such as Google (www.google.com).

Canadian news and information

Canadian news and information websites, whether associated with traditional news services, such as www.cbc.ca/newsworld and globeandmail.ca, or unique to the Internet, such as canadaonline.about.com

Non-Canadian news and information

US and other international news and information websites, whether associated with traditional news services, such as CNN (www.cnn.com), BBC (www.bbc.co.uk), and the New York Times (www.nyt.com), or unique to the Internet, such as About.com (www.about.com) or AOL Prop News.

Canadian online shopping services

Canadian online retailers, that target Canadian consumers and price their goods in Canadian dollars, whether Canadian owned or not, such as www.chapters.indigo.ca, www.futureshop.ca, www.sears.ca and www.canadiantire.ca. Included are Canadian auction websites, such as www.ebay.ca.

Non-Canadian online shopping services

Online retailers and related sites, including shopping bot and comparison sites, targeted at consumers in other countries, such as www.amazon.com, www.bloomingdales.com, www.thsmartshoppe.com and www.bizrate.com. Includes international auction sites, such as www.ebay.com and www.ubid.com.

Canadian entertainment and game sites

Canadian entertainment websites, offering access to on demand or live streaming Canadian content, such as at caneHDian.com, virtuecast.com or 'the Lofters' on U8TV, other Canadian entertainment content sites, such as jam.canoe.ca, and Canadian games websites, such as games.sympatico.ca and ca.games.yahoo.com.

Non-Canadian entertainment and game sites

International entertainment websites, offering on demand or live streaming content, such as netbroadcaster.com and realguide.real.com and international game websites, such as www.gamezone.com and www.ea.com (Electronic Arts).

Sports related sites

Canadian and international websites specializing in sports news and coverage, such as The Sports Network (www.tsn.ca), SportsNet (www.sportsnet.ca), or ESPN (espn.go.com), and websites for sports leagues, such as the NHL (www.nhl.com), NBA (www.nba.com), for particular teams, such as Montreal Canadiens (www.canadiens.com) or Manchester United (www.manutd.com) or for amateur sports

Education, training, career and job sites

Sites operated by universities, colleges and schools, career information sites such as Canada workinfont and job search sites such as www.monster.com and www.workopolis.com

Government and public sector sites

Sites operated by the Federal (canada.gc.ca), provincial (e.g., www.gov.on.ca, www.gov.ab.ca) and local (e.g., www.city.toronto.on.ca, www.city.vancouver.bc.ca) governments and other public authority sites, such as for Health Boards (e.g., www.reginahealth.sk.ca, www.cha.ab.ca) etc.

Online banking, investment and financial services sites

Websites providing Internet banking, such as www.pcbanking.cibc.com and www.tdcanadatrust.com, financial information, such as gold.globeinvestor.com, or for investment and online stock trading, such as www.tdwaterhouse.ca or www.etrade.ca.

Travel and tourism sites

Canadian and international tourism and travel sites, including information services such as www.mapquest.com, travel organizations, such as www.aircanada.ca, and online travel agencies, such as Expedia.ca and Travelocity.com.

Adults only sites

Websites providing sexually explicit graphic and video materials, such as www.sexaddicted.com and www.totaltramps.com.

Appendix II 24 Package Profiles Used for the Choice Experiment

Hi speed	Dial-up	Portal	News	Shop	Entertain	Sports	Educate	Govern	Finance	Travel	Adult
48	10	1	1	2	0	0	0	1	1	0	0
22	6	0	1	0	1	0	0	1	0	1	0
48	10	2	2	0	1	1	0	0	0	0	1
15	10	0	2	0	0	0	1	0	0	0	0
27	6	2	0	0	0	1	0	0	1	1	0
40	6	1	2	0	2	0	1	1	1	1	1
33	10	2	0	2	1	0	1	0	1	1	1
27	6	0	2	2	1	1	1	1	1	0	1
18	6	2	0	2	2	0	0	1	0	0	0
40	10	0	0	1	0	1	0	0	0	0	1
22	10	1	1	1	2	1	1	0	1	0	0
13	6	2	1	1	0	1	1	1	0	1	1
27	10	1	2	1	1	0	0	0	0	1	0
40	6	2	1	2	1	1	1	0	0	0	0
22	6	2	2	1	0	0	0	0	1	0	1
48	6	0	0	1	2	0	1	0	0	1	0
27	10	2	1	0	2	0	0	1	0	0	1
15	6	1	1	2	2	1	0	0	0	1	1
15	10	2	0	1	1	1	0	1	1	1	0
18	10	0	1	0	0	1	1	0	1	1	1
33	6	1	2	0	0	1	0	1	0	0	0
22	10	1	0	2	0	1	1	1	0	1	1
13	6	1	0	0	1	0	1	0	1	0	1

13 10 0 2 2 2 1 0 0 1 1 0

Note: For each row, a 1 in a column indicates the type of programming is included in the package.

Appendix III

Example provided for the WTP Question

Currently, Internet access is available for personal use by household members through public facilities, such as at schools and libraries, or privately through low cost but slow dial-up access or several forms of high-speed higher-cost access. In this section, we would like you to consider some hypothetical situations where the Internet only provides access to subsets of its current content and services and access costs vary.

We would like you to consider what form of access to the Internet you would choose for your household if different subsets of Internet content and services were available. Examples of sites providing each type of content and service are shown in the [blue sheet](#) (see Appendix I). To complete this question, read through the subset of Internet content and services and then indicate what form of Internet access you would choose for your household, given the monthly payment rates.

Please consider the value of the access for all members of your household when you respond to this question. Remember, your access payments would leave less money for your household to spend on other things, such as other information or entertainment services.

First, let's look at an example to see how someone could respond for this task.

To access the Internet content and services below, our household would choose: (check one)

- | | |
|--|--|
| Send/receive e-Mail, instant messages and online chat | <input type="checkbox"/> Unlimited high-speed access for \$35 a month |
| Transfer computer, graphic, audio, and video files | |
| Non-Canadian portal, directory and search sites | |
| Canadian news and information | <input checked="" type="checkbox"/> Dial-up phone access for \$8 per month |
| Non-Canadian online shopping services | |
| Non-Canadian entertainment and game sites | |
| Travel and tourism sites | <input type="checkbox"/> Rely on access at work, school, or other places |
| | <input type="checkbox"/> Wouldn't want access |
-

Here the respondent has checked 'Dial up phone access'. This means their household would pay \$8 each month for dial-up phone access to the Internet when it enabled them to send and receive e-Mail, instant messages and online chat, to transfer computer, graphic, audio, and video files; to use Non-Canadian portal, directory and search, online shopping, and entertainment and game sites; and Canadian news and information sites; and all travel and tourism sites.

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