Mind over Market

The Cognitive Appraisals and Cultural Values in Cryptocurrency



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1. Introduction

In July 2025, Bitcoin reached a record high of $117,333, which was driven mainly by the Trump administration's vocal endorsement of digital assets (Nishant et al., 2025). However, only a few months later, Bitcoin plummeted and reached a record low of $61,000 due to liquidity constraints and macroeconomic uncertainty (Lang, 2026). Despite these market fluctuations, consumers' position toward cryptocurrency was the one thing that remained remarkably constant. While Bitcoin's record highs generated headlines about a financial transformation and extraordinary wealth creation, an equally vocal group of economists, policymakers, and consumers warned of speculation, instability, and systemic risk (Nishant et al., 2025). This suggests that consumer reactions are shaped not only by market conditions, but also by psychological and cultural mechanisms.

The aim of this paper is to investigate how cognitive appraisal processes explain the divergence between cryptocurrency sceptics and enthusiasts, and how consistency-seeking mechanisms help sustain these positions. Because such responses are also likely embedded in broader cultural value systems, the paper further examines whether national cultural values condition these attitudes differently in the US and Japan.

This leads to the following research question:

"How do cognitive appraisal processes explain the divergence between consumer enthusiasm and scepticism toward cryptocurrency, and to what extent do national cultural values condition these appraisals differently across the United States and Japan?"

The paper studies this question by combining Cognitive Appraisal Theory with Balancing Theory to examine how individuals assign personal meaning to events, creating divergent emotions. Hofstede's cultural dimension will provide the structure for a comparative cultural analysis of the two markets.

2. Relevance

In today's market, cryptocurrency has moved from a niche technological experiment into a global financial phenomenon that attracts attention from investors, governments, and businesses around the world (Josiassen & Kock, 2026). Firms are increasingly confronted with the question of whether to work with digital assets. With a total market capitalisation of $3.67 trillion and growing

participation, cryptocurrency now affects investment behaviour, payment innovation, and wider discussions on financial legitimacy. This makes the topic highly relevant for international marketing managers in financial services, payment platforms, fintech firms, and technology companies, as these actors must position themselves in relation to a category that evokes sharply divided consumer responses. Knowing how these responses arise is therefore strategically crucial for managers, because market success depends on how consumers perceive a product.

This investigation is particularly relevant because consumer responses are unlikely to be uniform across markets. Consumer attitudes are driven by psychological mechanisms, and the same communication strategy will therefore not be equally effective in different countries. In broader terms, the topic investigates how firms can create successful marketing strategies that have an inherent focus on reach, while still being coherent to cultural differences in consumers.

3. Theory & Frameworks

To investigate why consumer enthusiasm and scepticism toward cryptocurrency diverge, persist, and vary across cultural settings, this paper draws on three complementary theoretical frameworks: Cognitive Appraisal Theory, Balancing Theory, and Cognitive Dissonance, as well as Hofstede's cultural dimensions.

The Cognitive Appraisal theory (Lazarus, 1991) is a cognitive emotion theory that suggests that emotions are generated by the evaluation of events in relation to our personal goals, needs, and values. According to Lazarus, emotions are not automatic responses to stimuli, but rather the result of an active cognitive process that involves appraising the significance of the event. (Lazarus, 1991) In primary appraisal, the individual determines whether the event is personally relevant. In secondary appraisal, the individual evaluates their capacity to cope with the event. In this paper, the theory provides the foundation for analysing how personal relevance, goal congruence, and coping potential shape divergent consumer responses.

The Balancing Theory complements this perspective by suggesting that individuals seek to restore balance within themselves by creating harmony among beliefs, attitudes, and behaviours (Heider, 1958). This balanced state is challenged by Cognitive Dissonance (Festinger, 1957), a mental discomfort that arises when an individual's values do not conform to their behaviour. Together, the

two frameworks are appropriate because they illustrate why consumer positions may persist even when market conditions change.

Finally, Hofstede provides the cross-cultural layer of the analysis. Here, the Sociocultural Theory will serve as a theoretical bridge between Lazarus and Hofstede. The Sociocultural Theory argues that emotions are determined by cultural norms, values, and expectations of a society (Vygotsky, 1978) and can therefore be used to explain how culture does not replace the cognitive appraisal process, but pre-loads the fundamental frameworks individuals bring to the mental evaluation. Hofstede's cultural dimensions provide a structured framework for evaluating how national value systems shape consumer behaviour. The framework is based on a study of IBM employees across more than 70 countries and outlines six cultural dimensions that vary across societies (Hofstede, n.d.). For this paper, three of the dimensions are especially relevant: individualism, indulgence, and uncertainty avoidance. Together, these dimensions afford a structured foundation for a comparative analysis of consumer responses across selected markets.

4. Application of Theory

Building on the frameworks outlined above, the analysis applies Cognitive Appraisal Theory and Balancing Theory sequentially to both enthusiasts and sceptics. Finally, Hofstede's cultural dimensions are applied comparatively to the United States and Japan. These markets are selected because they represent largely differentiated cultures along the dimensions, as well as different consumer attitudes toward cryptocurrency.

4.1. Cognitive Appraisal Theory

The case material clearly illustrates a polarization between two distinct consumer groups: the enthusiasts and the sceptics. Enthusiasts argue that cryptocurrency offers an opportunity to challenge established financial structures, lower transaction costs, and achieve greater financial independence. Sceptics, on the other hand, argue that cryptocurrencies are highly risky assets driven by speculation and hype (Josiassen & Kock, 2026). According to Lazarus, this divide should not be understood simply as a difference in exposure to information. Rather, it reflects different appraisals of the same market developments, because emotions arise from a person's relationship with the

environment (Lazarus, 1991). The divergence between enthusiast and sceptics is examined through the three appraisal dimensions: personal relevance, goal congruence, and coping potential.

For both groups, cryptocurrency carries great personal relevance, albeit for opposing reasons. The extreme bullish market conditions that drove Bitcoin to $117,333, combined with regulatory momentum from the US Genius Act and the Clarity Act (Nishant, 2025), have made cryptocurrency hard to ignore for anyone. For enthusiasts, these developments are relevant because they signal a digital asset with upside and legitimacy. For sceptics, these developments are relevant because they raise concerns about financial risk spreading into the economy.

Goal congruence concerns whether a stimulus is perceived as compatible with a consumer's personal goals and values. For enthusiasts, the key goals are financial autonomy, wealth creation, and participation in technological change. In that sense, cryptocurrency is goal congruent. It seems to confirm that participation in crypto supports the financial future they want, which likely evokes emotions such as eagerness, excitement, and optimism.
For the sceptics, whose main goals are economic security and consumer protection, these same stimuli are goal incongruent. The mainstreaming of cryptocurrency signals a spread of volatility and weak regulation. This likely evokes feelings of anxiety, distrust, and concern for sceptics.

Coping potential concerns the consumer's assessment of their own capacity to respond to the situation, shaping both the intensity of the emotional response and the type of coping strategy (Lazarus, 1991). Cryptocurrency presents a significant coping challenge for both consumer groups. Its technological complexity and volatile pricing substantially increase cognitive load, making it difficult for consumers to form a clear, informed judgment about a coping strategy. Enthusiasts perceive themselves as capable of navigating this complexity by drawing on visible cues: Donald Trump naming himself the "crypto president", social media hype surrounding crypto, and investments from BlackRock (Murdoch, 2025). Sceptics, however, would argue that this is not the result of an informed evaluation, but rather that these very cues are the kind of superficial signals that allow enthusiasts to bypass genuine assessment, mistaking environmental proof as fundamental value. In other words, sceptics argue that enthusiasts are relying on heuristic cues as mental shortcuts rather than resolving the underlying complexity (Lecture 2, Slide 23). This perspective is endorsed by Cristofaro et al. who find that herding behaviour is a significantly stronger driver of

crypto investment than independent financial assessment, suggesting that social cues play a disproportionate role in influencing enthusiasts' confidence. (Cristofaro et al., 2023). Whether these cues are actually reliable or not becomes secondary here. In appraisal terms, what matters is that enthusiasts have a perception of competence. Their coping strategy accordingly involves engagement and investment in cryptocurrency.
Sceptics themselves cope by deliberately detaching from the cryptocurrency industry. Having appraised it as a threat to financial security, their response is withdrawal rather than engagement, translating their critical appraisal into advocacy against it. This collective coping mechanism is increasingly visible in the growing number of online forums, think tanks, and podcasts, where economists and researchers are gathering to challenge the cryptocurrency's narrative and influence regulators (Goggin, 2022).

Therefore, the divergence between enthusiasm and scepticism stems not from the market stimulus, but from different appraisals of relevance, congruence, and coping. This also helps explain why later market developments do not automatically dissolve the divide, a point developed further in the following section on Balancing Theory and Cognitive Dissonance.

4.2. Balancing Theory & Cognitive Dissonance

With the cryptocurrency market moving from record highs to record lows, both sceptics and enthusiasts are confronted with developments that confront their prior appraisals. In combination, the Balancing Theory (Heider, 1958) and Cognitive Dissonance (Festinger, 1957) explain why consumers do not simply revise their positions when the market changes but instead reinterpret new developments in ways that preserve consistency with the earlier appraisal.

This mechanism is observable among both sceptics and enthusiasts. First, when Bitcoin reached record highs in July 2025 on the back of genuine legislative progress (Nishant, 2025), it confronted sceptics with cognitive dissonance, since market success contradicted their negative appraisal of cryptocurrency. Second, when Bitcoin lost all its Trump-era gains by February 2026, due to a lack of liquidity (Lang, 2026), it similarly confronted enthusiasts with cognitive dissonance, as price declines challenged their belief in cryptocurrency as a worthwhile asset. As per Festinger (1957), consumers can resolve dissonance by either changing their behaviour (an outcome rarely observed)

or by increasing the importance of consonant cognitions, while reducing the importance of dissonant cognitions.

For sceptics, balance is restored by reframing the record high not as evidence of legitimacy, but as further proof of hype outpacing financial value, e.g. analyst like Dirk Willer (Citi global head of macro) and Simon Peter (Crypto analyst at eToro) warning that the "digital gold" narrative remains premature and risk of a fall in price still exists (Nishant, 2025). For enthusiasts, balance is similarly restored by reframing the market crash not as evidence of illegitimacy, but as healthy consolidation. This is seen in Binance CEO, Richard Teng, arguing that the 21.2% monthly decline shows industry maturity rather than industry failure (Murdoch, 2025).

In this context, maintaining one's position on cryptocurrency is no longer a purely financial decision. It becomes a psychological strategy to preserve identity and restore cognitive consistency. For enthusiasts, continued support for crypto is an expression of belief in financial innovation and private wealth. For sceptics, rejecting crypto is an expression of moral responsibility and prudence. Neither group is simply responding to market data; they are instead protecting their self-image, rooted in the same goals and values that produced their original appraisal, ensuring that market fluctuations alone are not enough to change their position.

4.3. Hofstede's Cultural Dimensions

According to the Sociocultural Theory of Emotion (Vygotsky, 1978), emotions are shaped by a society's cultural norms, values, and expectations. This means that consumers sharing the same cultural context are likely to appraise market stimuli similarly, making national culture a meaningful predictor of collective consumer attitudes toward cryptocurrency. Therefore, it is appropriate to draw upon Hofstede's cultural dimensions to give a structured basis for investigating how these culturally conditioned appraisals differ systematically across the US and Japan. In this paper, three dimensions are especially relevant: individualism, indulgence, and uncertainty avoidance. Together, they make it possible to assess how national cultural values may predispose consumers toward more enthusiastic or sceptical responses to cryptocurrency.

The first dimension, individualism, reflects the extent to which individuals in society prioritize personal achievements and independence over loyalty to their groups and collective norms

(Hofstede, n.d.). The US stands out with a score of 91, the highest globally, indicating an emphasis on personal achievements and self-autonomy. Thus, American consumers are more likely to engage in independent financial decision-making in hopes of larger payoffs for themselves. Furthermore, individualism is often associated with self-attribution bias (Foley, 2022), leading individuals to overestimate their abilities. The consequences of this is an underestimation of risk, as discussed in the section on the Cognitive Appraisal Theory.

In sharp contrast, Japan scores 46, indicating a stronger emphasis on social coordination, institutional trust, and collective stability. Collective successes take precedence over individual accomplishments, as Japanese consumers value institutional trust and social consensus. They are more likely to exercise caution and respect established institutions. In the context of cryptocurrency, this means that American consumers are culturally inclined to enthusiastic appraisals, whereas Japanese consumers are culturally inclined to sceptical appraisals. This does not mean that Japanese consumers lack interest in cryptocurrency, but it does suggest that they may be less inclined to evaluate it purely through the lens of individual opportunity. Instead, they may be more likely to evaluate whether it fits broader expectations of legitimacy, reliability, and social order.
This is empirically supported by Foley et al., who document a significant, positive relationship between the cultural dimension individualism and Bitcoin activity across 80 countries, concluding that culture plays a role in investment decisions in high-risk assets, such as cryptocurrency (Foley et al., 2022)

The second dimension, indulgence versus constraint, captures the degree to which a society permits the free gratification of human desires and impulses, as opposed to suppressing them through self-discipline (Hofstede, n.d.). The US scores 68, showing a cultural acceptance of acting on impulses and desires. The market environment invites quick action, with the urgency surrounding Bitcoin highs, FOMO-driven social media discourse, and races to invest (Lee, 2025). This suggests that American consumers, whose culture encourages acting on such impulses, are more likely to translate speculative excitement into investment behaviour. Overall, this lowers the threshold between enthusiasm and action.

Japan scores 42 on indulgence, suggesting a culture that is more restrained, in which impulses are suppressed, and self-control is valued. Even where Japanese consumers may recognise the

speculative opportunity that cryptocurrency presents, cultural norms of moderation and self-control may inhibit participation. However, the pull of generational wealth narratives is still seen in Japan (Grassman, 2021), but the consumers are actively suppressing these desires. In this way, Japanese consumers are making non-participation a conscious choice. In that sense, indulgence versus restraint helps explain not only differences in appraisal, but also differences in whether enthusiasm is acted upon.

The third and most important dimension in the case of cryptocurrency is uncertainty avoidance. Countries that score high on this dimension tend to feel threatened by ambiguity and therefore prioritize structures, clear rules, and predictability. The US scores 46, whereas Japan scores 92. This is interesting as it indicates a relatively large difference between the US and Japan. We can expect American consumers to accept uncertainty, while Japanese consumers will have a relatively high aversion to it.

In America, a more relaxed attitude towards uncertainty may lead consumers to be more tolerant of the high risk and to focus instead on the potential high upside of cryptocurrency. This is reflected in the US's relatively high cryptocurrency ownership of 13%, one of the highest among developed countries (Statista, 2025).
In contrast, Japan's score of 92 indicates a strong cultural preference for stability. This may contribute to heightened discomfort among Japanese consumers, as cryptocurrency's volatile valuation and decentralised structure contradict the cultural expectation of predictable, institutionally backed financial instruments. Donald Trump's personal ownership of $3.4 billion in cryptocurrency made international headlines and is well-recorded. For American consumers, who are less uncertainty-avoidant, this is seen as a signal of legitimacy and intrinsic value. On the other hand, for the more uncertainty-avoidant Japanese consumers, these same facts immediately activate a sense of risk. A political leader personally profiting from legislation he is drafting raises concerns about conflicts of interest and the reliability of the regulatory framework. Overall, cultural attitude to uncertainty may help explain Japan's lower cryptocurrency ownership rate of 7%, roughly half that of the US (Statista, 2025).

It is worth acknowledging that Japan's low cryptocurrency adoption may be influenced by an exogenous factor. While cryptocurrency is legal in Japan, it operates with a tight regulatory

framework, which may constrain adaptation (Amaya, 2022). However, this does not necessarily undermine the cultural explanation but rather reinforces it. Legal frameworks reflect the cultures in which they arise, suggesting that cultural scepticism has not merely influenced consumer attitudes but has additionally been institutionalised in the country's legislation.

5. Conclusion & Implications

This paper shows that the divide between cryptocurrency enthusiasts and sceptics cannot be explained solely by market developments. Cognitive Appraisal Theory helps explain why the same cryptocurrency-related developments are interpreted differently by different consumer groups. Balancing Theory and Cognitive Dissonance explain why these interpretations tend to persist even when market developments appear contradictory. Hofstede's cultural dimensions show how these tendencies may be conditioned in varying ways across the markets. The two consumer groups are not simply responding to market data, they are protecting a position created by personal goals and cultural values. Thus, these cognitive appraisals translate into action, either investing or not investing in cryptocurrency.

For marketing managers operating in the cryptocurrency space, this has several important implications. First, since consumers do not process information neutrally but through pre-existing appraisals, they are unlikely to change their positions based on rational market data alone. This means that marketing managers must analyse the personal and goal-driven appraisals and alter their communication strategies to avoid cognitive dissonance for consumers. One effective strategy might be to focus on reducing the cognitive load, so that consumers can fully understand the complexity of cryptocurrency.

Second, the cultural analysis shows that a uniform marketing strategy is poorly suited to the global cryptocurrency market. In the US, marketing messages that emphasise personal wealth and immediate opportunity are culturally congruent and likely to reinforce enthusiastic appraisal. In Japan, the same messaging will likely increase scepticism, because the cultural values are fundamentally different. Managers operating across markets should therefore adapt both their positioning but also their communication to the cultural environment.

Ultimately, the paper suggests that enthusiasm and scepticism toward cryptocurrency are not properties of the market itself. They are products of how consumers interpret the market through their cognitive and cultural lenses. For international marketing managers, the key challenge is therefore not only to understand the market but also the to understand the evaluative processes that influence consumer decisions.

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