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### The Relational Value of Perceived Brand Globalness and Localness

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#### The Relational Value of Perceived Brand Globalness and Localness

### Abstract

Despite the well-documented importance of consumer-brand relationships, international branding research has not yet investigated whether a brand's perceived globalness and localness influence consumers' identification with the brand. Drawing on brand relationship theory and global/local branding literature, the present research theorizes on how perceived brand globalness and localness influence consumer-brand relationship building and discusses how these influences vary for brands of domestic versus foreign origin. Two studies in mature and emerging markets, using several brands across multiple product categories, reveal that both perceived brand globalness and localness have positive effects on consumer-brand identification. These effects (1) hold in both mature and emerging market settings, (2) are independent of brand quality assessments, (3) interact in a mutually-reinforcing way, and (4) are moderated by brand origin in a substitutional manner indicating that the relational effects of brand localness (globalness) are stronger for foreign (domestic) than for domestic (foreign) brands.

**Keywords:** perceived brand globalness/localness, consumer-brand identification, brand origin, consumer-brand relationships

#### The Relational Value of Perceived Brand Globalness and Localness

### 1. Introduction

Modern consumer markets have changed radically over the last decades. A significant force driving this change is the globalization of markets which set in motion a shift from multiple, independent country markets to a single interconnected marketplace (Steenkamp & de Jong, 2010). A key consequence of marketplace globalization has been the emergence of global brands which put significant competitive pressure to local players' market shares (Özsomer, 2012). Consumers around the world welcomed these global brands because they perceived their worldwide availability as a promise of higher functional value and symbolic benefits (Davvetas, Sichtmann, & Diamantopoulos, 2015; Steenkamp, Batra, & Alden, 2003). However, in many cases, local brands have managed to retain their distinctive appeal by providing a better response to localized needs and preferences (Schuiling & Kapferer, 2004).

A parallel trend to marketplace globalization has been the transformative use of products and brands in consumers' lives. In contrast to the traditional view of products as mere means to satisfying functional needs, consumers started to identify augmented meaning in the ownership of particular brands which they often perceived as extensions of their self-concept (Belk, 1988). Seeking to develop a distinct identity within a marketplace where brands increasingly serve as cultural referents (Arnould & Thompson, 2005), consumers started to use brands as identity construction vehicles and relationship partners (Fournier, 1998). Consumer-brand relationships have thus ceased to represent a possessor-possession association and resemble more intimate affairs (Batra, Ahuvia, & Bagozzi, 2012). Marketing research has shown that brands which

succeed in developing identification with consumers enjoy higher repurchase rates and increased likelihood of positive word of mouth (Stokburger-Sauer, Ratneshwar, & Sen, 2013; Tuškej, Golob, & Podnar, 2013), stronger ability to command price premiums and achieve brand loyalty (Haumann, Quaiser, Wieseke, & Rese, 2014) as well as resistance to switching (Lam, Ahearne, Hu, & Schillwaert, 2010), negative reputation (Einwiller, Fedorikhin, Johnson, & Kamins, 2006), and purchase regret (Davvetas & Diamantopoulos, 2017). Similarly, managerial practice increasingly highlights the need for a shift from a transactional to a relational view of brands and suggests that consumer-brand relationships should come to the forefront of branding strategies (Binder & Hanssens, 2015; Bonchek & France, 2016) As a result, managers have invested significant resources in brand-consumer relationship building while academic research has focused on clarifying the form, intensity, and drivers of these relationships (e.g. Fournier, 1998).

Despite the evident importance of consumer-brand identification for a sustainable competitive advantage (for an overview of relevant research see Appendix, Table A), international branding research has not investigated whether/how leveraging a brand's perceived globalness (i.e., the extent to which a brand is perceived as worldwide available and demanded; Steenkamp et al., 2003) and/or perceived localness (i.e., the extent to which a brand is perceived as a player connected with the local country and embedded in its consumption culture) assist in developing beneficial consumer-brand relationships. Instead, extant research has either (a) approached global and local brands as distinct groups, thus largely overlooking the fact that brands increasingly combine their global presence with significant local adaptations (Winit, Gregory, Cleveland, & Verlegh, 2014), or (b) focused exclusively on favorable brand attribute signaling (e.g. quality, prestige etc.) as the key mechanism underlying global/local brand preference (Özsomer, 2012; Steenkamp et al., 2003). With the exception of some work

introducing the idea of identity-construction to the range of the mechanisms underlying global/local brand preference (Strizhakova & Coulter, 2015; Xie, Batra, & Peng, 2015), there is a void of research contrasting the potential of brand globalness and localness – as perceptions potentially coexisting within the brand footprint – to foster consumer-brand relationships (Cayla & Arnould, 2008). Moreover, the role a foreign or domestic brand origin plays in conjunction with brand globalness or localness (Winit et al., 2014; Westjohn, Magnusson, & Zhou, 2015) and the potential synergies between these constructs (Halkias, Davvetas, & Diamantopoulos, 2016) have yet to be investigated in the context of consumer-brand relationships.

Against this background, the present research represents a first attempt to investigate (a) whether brands can leverage perceptions of brand globalness and/or localness to build beneficial consumer-brand relationships, (b) whether these relationships drive brand preference above and beyond the quality inferences triggered by brand globalness/localness, and (c) whether the relational value of brand globalness/localness depends on a brand's domestic or foreign origin. Drawing from several theoretical domains (i.e. consumer culture theory, brand relationship literature, international branding research) we hypothesize about the effects of brand globalness/localness on consumer-brand identification. Subsequently, we present two empirical studies – using several foreign and domestic brands across ten distinct product categories in both mature and emerging markets – which offer evidence that perceived brand globalness and localness generate relational brand value that is manifested above brand quality assessments but varies significantly between domestic and foreign brands.

From a theoretical standpoint, our research contributes to extant literature by (a) establishing the ability of a brand's globalness and localness to build consumer-brand relationships, (b) demonstrating an additional mechanism explaining consumers' preferences for

internationally present and locally connected brands, and (c) investigating the interplay between brand origin and globalness/localness, thus challenging implicit assumptions of prior research which confound the distinctiveness of brand globalness, localness, and origin, mask their compensatory interplay, and hinder the investigation of hybrid, glocal strategies. From a managerial perspective, our findings provide brand managers with (a) evidence of additional pathways to build relational equity, (b) advice on the effectiveness of investing in globalization, localization or hybridization strategies to develop consumer-brand bonds, and (c) a strategic alternative for brands which cannot afford investments in quality optimization but could instead rely on their global/local image to build consumer relationships. A more detailed overview of our studies' contribution in relation to prior literature can be found in the Appendix, Table B.

# 2. Conceptual Background and Research Hypotheses

# 2.1 Perceived brand globalness and localness

Prior research offers a plethora of definitions for global and local brands. Global brands have been defined as brands with physical market presence across multiple countries (Dimofte, Johansson, & Ronkainen, 2008); brands generating a significant part of their revenue outside their home market (Nielsen, 2001); or brands owned by multinational firms and marketed in a standardized and centrally coordinated manner (Özsomer & Altaras, 2008). Local brands have been defined as brands that are available only within a limited geographic region (Dimofte et al., 2008); brands originating from the consumer's home country (Eckhardt, 2005); or iconic players which are culturally associated with the local market (Özsomer, 2012).

The demand-side benefits emerging from a brand's global or local nature cannot be materialized unless the consumer actually perceives the brand as global or local. Consequently, a brand is designated as global to the extent it is perceived as being known, available and demanded in multiple countries (perceived brand globalness (PBG); Steenkamp et al., 2003) and as local to the degree it is perceived as a player associated with the local market (perceived brand localness (PBL); Swoboda, Pennemann, & Taube, 2012). Unlike extant work in the field that defines brand localness as a brand's local iconicity or its symbolic representation of the consumer's local culture (Özsomer, 2012; Steenkamp et al., 2003; Swoboda et al., 2012), we approach the concept of brand localness more broadly to account for cases of brands that have managed to connect with the local market and partake in the consumption habits of the local consumers without necessarily originating in the consumer's own country or being owned by a domestic company. Most prior research has investigated global and local brands by making the assumption that global brands build associations exclusively on the basis of their global reach while local brands offer benefits only through their local iconness. This, however, does not account for those (ever more frequent) cases of domestic brands which have internationalized to the point of becoming strong global players whilst simultaneously retaining a pronounced brand origin (e.g. Apple promoting its California-based design, KFC stating its region of origin in the brand name, etc.) or several cases of foreign global brands which have connected to local markets through cultural affiliation, domestic sourcing or production, support of local communities or participation in typical local consumption practices (e.g. McDonald's in European markets, Honda in the USA, etc.). In this context, consumers seem to appreciate both global brands which have adapted to their home culture and local brands which have managed to succeed internationally (Riefler, 2012). Thus, brand globalness and localness represent

complementary rather than mutually exclusive sources of brand value that may coexist in brand image and jointly inform brand preference (Dimofte et al., 2008; Halkias et al., 2016).

# 2.2 Consumer-brand relationships and consumer-brand identification

Traditional economic theories view products as tangible or intangible objects whose utility is derived from their ability to satisfy some consumer need and whose value can be directly translated in economic terms and exchanged in the marketplace. More recent consumer theories, however, challenge the view of products as nimbly exchangeable entities and argue that consumers view products as more than mere material possessions. Consumer culture theory approaches brands as central agents of marketplace phenomena, as carriers of cultural meanings in consumption experiences, and as active sociocultural entities (Arnould & Thompson, 2005; Cayla & Arnould, 2008). For instance, Belk (1988) argues that products are essential components of the consumer's extended self-concept and help define an individual's self-identity. Overall, the value of brands in modern marketplaces captures an augmented set of brand roles such as triggers of individuals' self-relevant narratives, mental anchors of interpersonal relationships, and tokens of consumers' self-views (Richins, 1994).

This extended role of products and brands in consumers' lives gave birth to brand relationship theory which posits that the consumer-brand link resembles more an active intimate relationship rather than a possessor-possession association (Fournier, 1998). Following this relational perspective, research has introduced several concepts to describe the dimensions of consumer-brand bonds such as brand passion, brand love and brand attachment/aversion (Batra et al., 2012; Park, Eisingerich, & Park, 2013), etc. One of the most prominent constructs to capture the consumer-brand connection is consumer-brand identification (CBI), defined as

"consumer's perceived state of oneness with a brand" (Stokburger-Sauer et al., 2013, p.407).

CBI has been conceptualized through different approaches, some of which focus on the emotional attachment to the brand (e.g. Malär, Krohmer, Hoyer, & Nyffenegger, 2011), others on the cognitive representation of CBI as the extent of the self-brand schema overlap (e.g. Carlson, Suter, & Brown, 2008), and still others on the consequences of identification (e.g. Batra et al., 2012). In the present research, and in line with prior similar literature (Stokburger-Sauer et al., 2013), we approach CBI as a cognitive reflection of the consumer-brand bond.

Self-identity and categorization theories explain the motivation behind consumers' identification with human groups (e.g. nations, sports teams) or non-human entities (e.g. products) on the basis of (a) their willingness to construct, validate and communicate a social identity, and (b) their intention to develop a distinctive self which dissociates them from other groups with conflicting values (Brewer, 1991; Tajfel & Turner, 1985). To support such self-categorization, individuals exhibit behavior that supports the entity or group they want to identify with. In consumption contexts, research shows that CBI generates positive brand responses such as brand loyalty and advocacy, higher willingness to pay and brand spending, resistance to negative information and purchase regret, and brand protection in times of crisis (Davvetas & Diamantopoulos, 2017; Einwiller et al., 2016; Haumann et al., 2014; Tuškej et al., 2013).

2.3 Perceived brand globalness and localness as drivers of consumer-brand identification

Consumer-brand relationship literature proposes several motivations underlying consumers'

willingness to identify with brands. Although different researchers have used different

frameworks to capture these motivations, an overview of relevant literature suggests that they

can be grouped into four categories: (a) need for self-verification and value congruence, (b) need

for self-enhancement and identity signaling, (c) need for identity distinctiveness and prestige, and (d) pursuit of warmth and nostalgia. Our central proposition is that both a brand's perceived globalness and localness strengthen CBI by stimulating all these motivations.

# 2.3.1 Self-verification and value congruence

This notion refers to the extent to which the brand shares coherent values with the consumer and reflects the degree to which it helps maintain the consumer's self-concept (Escalas & Bettman, 2003). The consumer-brand value overlap is seen as a necessary condition for consumer-brand connections. For example, Stokburger-Sauer et al. (2013) suggest that a high degree of similarity between the brand and the self boosts CBI while Lam, Ahearne, Mullins, Hayati, and Schillewaert (2013) find that the overlap between brand and individual values facilitates the process of relationship building. The importance of this overlap is explained by consumers' need to verify their self-image and appear consistent with their perceived self. Given that values are central to one's self-identity (Schwartz, 1992) and that brands are increasingly positioned as entities embodying a pronounced value structure, the consumer-brand value fit is critical in consumers' efforts to maintain a consistent self-view.

Within a globalized world, consumers' identities are strongly formed by both global and local influences and incorporate global and local elements. A global identity refers to consumer's identification with people around the world while a local identity refers to consumer's identification with his/her local community (Zhang & Khare, 2009). Consumers with strong global identities exhibit a feeling of belongingness to the global community, perceive more similarities than differences in people around the world and follow an international lifestyle. Consumers with a pronounced local identity attach strongly to their local community, respect

local traditions and customs and follow a locally-tied way of life (Zhang & Khare, 2009).

Importantly, though, global and local identities do not represent conflicting identity components.

We expect that both brands perceived as highly global and brands carrying strong localness associations have the capacity to develop identification with consumers by facilitating the selfverification of the global and local components of their identities. On the one hand, the global identity component emphasizes concepts such as universalism, power, innovativeness and selfexpression, that is, a set of values embedded in in the positioning of global brands as manifestations of a global consumer culture (Steenkamp & de Jong, 2010). On the other hand, the local identity component emphasizes values like tradition and conformity which are often used to promote local brands as defenders of tradition, authenticity, and preserves of local cultural experiences (Alden, Steenkamp, & Batra, 1999). Modern consumers increasingly exhibit hybrid identities whereby the global and the local identity components coexist, interact and jointly shape identity-relevant behavior (Arnett, 2002). Such identity hybridization implies that consumers appreciate the benefits of identifying both with brands that signal success, status and global citizenship (Strizhakova, Coulter, & Price, 2008) and with brands that help selfcategorization in consumers' local community (Steenkamp & de Jong, 2010). For example, research has shown that cosmopolitan consumers – generally holding strong global identities – also display a strong local orientation (Cannon & Yaprak, 2002).

# 2.3.2 Self-enhancement and identity signaling

This notion refers to the role of brands in signaling consumers' ideal identity to others. Unlike self-verification which refers to identity confirmation to the self, this notion captures consumers'

promotion of a favorable self-image to others (e.g. reference groups) through showing attachment to aspiration groups and aversion to dissociation groups (Bhattacharya & Sen, 2003).

Research on global/local branding shows that both perceived brand globalness and localness represent sources of identity signaling. For example, Batra et al. (2000) suggest that consumers of emerging markets primarily use global brands as status symbols because of their admiration for the lifestyle of economically developed countries. Similarly, Holt et al. (2004) suggest that one of the key components of global brand preference resides in consumers' view of brands as global myth representatives. Steenkamp et al. (2003) label this process "the belongingness pathway" and argue that this might drive preference for global brands beyond other product-related inferences. Strizhakova et al. (2008) call global brands "identity currency" and posit that their consumption is motivated by consumers' willingness to appear cosmopolitan in the eyes of their reference groups. Xie et al. (2015) identify identity-expressiveness as a key preference generating mechanism for global (and local) brands, while Davvetas and Diamantopoulos (2016) find that global brands hold an advantage over their local counterparts in product categories where social signaling is a primary consumer motivation.

Although identity signaling was originally perceived to be a benefit mostly for global brands, recent evidence suggests that perceived brand localness also nurtures identity signaling. Brabnds enjoying local connections are perceived as representatives of the local communities in which they operate and thus elicit strong emotions of pride from the local consumers (Dimofte et al., 2008; Özsomer, 2012). Perceived brand localness often signifies heritage, authenticity and originality, that is, values consumers strongly appreciate and want to signal as part of their self-image though brand consumption (Ger, 1999). Finally, the consumption of brands connected to the local market is perceived by consumers as a way to (a) express their aversion to product

homogenization (Steenkamp & de Jong, 2010), (b) project themselves as sophisticated consumers immune to consumption uniformity, and (c) signal support to players perceived as being unfairly treated by the globalization-imposed marketplace status quo.

# 2.3.3 Need for distinctiveness and prestige

This notion refers to consumer's need to feel different, unique, special and prestigious (Tian, Bearden, & Hunter, 2001). This motivation is different in the sense that it differentiates the consumer's self by using products which make them feel special (Brewer, 1991). Prestige and uniqueness are critical antecedents of consumers' relationships with brands. Stokburger-Sauer et al. (2013) suggest that brands perceived as distinctive are associated with stronger identification, while Battacharya and Sen (2003) propose that a company's identity distinctiveness and prestige shape the company's identity attractiveness and thus consumers' willingness to identify with it.

Both perceived brand globalness and localness affect perceptions of brand distinctiveness and prestige. On the one hand, brand perceptions of worldwide availability have been repeatedly associated with a prestigious brand image (Özsomer, 2012; Steenkamp et al., 2003). Especially, in developing markets, where global brands are relatively scarce, perceptions of worldwide availability are tied to perceptions of brand distinctiveness and lead to strong desire for global brand ownership (Batra et al., 2000). On the other hand, although locally connected players are not always perceived as scarce brands, they often are symbolic representatives of the local culture and hold "unique cultural value" (Ger, 1993). This cultural value translates into prestige perceptions even when it remains relevant only within the consumer's home market (Özsomer, 2012; Steenkamp et al., 2003). Beyond local symbolism, brands strongly adapted to the local market are perceived as particularly tailored to local needs and preferences (Schuiling &

Kapferer, 2004); thus their consumption elicits feelings of exclusivity and is seen as a unique privilege of the local consumers. Such exclusivity does not occur for domestic brands whose distribution is restricted to the national market but also for global brands offering unique product editions enriched with exclusive local elements (e.g. country-specific adaptations).

# 2.3.4 Pursuit of warmth and nostalgia

This notion refers to consumer's urge to identify with a brand due to the warm feelings associated with its possession and use as well as the brand's embeddedness in consumers' key autobiographical memories (Sujan, Bettman, & Baumgartner, 1993). In other words, brands are viewed as items charged with personal relevance due to their central role in consumers' past experiences or as sources of warmth (Stokburger-Sauer et al., 2013).

One could argue that a brand's local or global nature should be unrelated to whether a brand will participate in consumers' self-shaping past experiences. However, one emotion that drives this self-referential process is nostalgia, defined as "a longing for the past, a yearning for yesterday, or a fondness for possessions and activities associated with days of yore" (Holbrook, 1993, p. 245). Although consumers differ in their tendencies to satisfy nostalgic motivations through their purchases, it is commonly believed that marketplace stimuli eliciting nostalgia are perceived in a favorable manner (Muehling, Sprott, & Sprott, 2004).

Both perceived brand globalness and localness are expected to satisfy nostalgia- and warmth-seeking motivations. Many of the strongest global brands (e.g. Coca-Cola, Mini Cooper) have been repeatedly positioned over the years with the use of nostalgic appeals which put the brand into a setting of previous centuries and evoke an appreciation of the past (Marchegiani & Phau, 2013). Many global brands (e.g. Volkswagen Beetle) are often chosen by consumers as

relationship partners because they represent successful products which travelled through centuries and managed to transcend national boundaries without abandoning their core values or losing their sense of meaning (Brown, Kozinets, & Sherry, 2003). Thus, although global brands are commonly viewed as manifestations of a future-oriented world (Alden et al., 1999), some of these brands satisfy consumers' nostalgic motivations by building on their global indexical authenticity and cultural capital (Özsomer & Altaras, 2008).

Local brands are also strongly associated with consumers' appreciation of the past. Due to the exclusive presence of local offerings across country markets prior to marketplace globalization, local brands are more likely to be embedded in consumer's autobiographic consumption experiences (Steenkamp & de Jong, 2010). Beyond nostalgia, local brands should also elicit feelings of warmth. Stereotype theory identifies warmth – defined as the extent to which a social group is perceived to have positive intentions toward one's self – as one of the two key dimensions consumers use to develop stereotypical beliefs about social groups (the other being competence) (Fiske, Cuddy, Glick, & Xu, 2002). Such stereotyping seems to also occur at the brand level with brands often perceived as intentional agents who can be stereotyped on the basis of their competence and warmth (Kervyn, Fiske, & Malone, 2012).

We expect a positive association between a brand's localness and warmth because brands which have local ties are perceived as preserving the local culture against globalization (Steenkamp & de Jong, 2010), providing jobs to the local, and being typical consumption choices of the local population due to their long-lasting local presence which transcends so many generations of local consumers that, in some cases, even global foreign brands are mistaken for domestic (e.g. Nivea). As a result, locally-embedded brands can also be encoded as symbols of the consumer's in-group and automatically perceived as kind and well-intentioned. Thus:

H<sub>1</sub>: Perceived brand globalness has a positive influence on consumer-brand identification.

H<sub>2</sub>: Perceived brand localness has a positive influence on consumer-brand identification.

# 2.4 The moderating role of brand origin

We expect that the effect of brand globalness and localness on consumer-brand identification is contingent on the brand's foreign or domestic origin. Global branding literature has frequently confounded the concept of origin with that of globalness/localness such that global brands are often assumed to be foreign whereas local brands domestic (for a detailed discussion, see Winit et al., 2014). This confounding has generated interpretational inconsistencies in research findings across studies and, most importantly, has obstructed the study of brand origin in conjunction with the effects of brand globalness and localness. Although such confounding might not have been a problem in past years because for most country markets the majority of global brands were sold by foreign-owned firms (Batra et al., 2000), it is problematic in a modern marketplace where many domestic brands have transformed into global giants and many foreign brands have adapted to country markets strongly enough for consumers to attribute them local associations.

Although such hybrid strategies do not represent the norm in the marketplace, more and more brands operating in foreign markets try to develop a brand image which includes both global and local elements. For instance, car manufacturers, such as Toyota and Honda in the US, stress their contribution to decreased unemployment rates in several American communities where they have set up their manufacturing sites, while others downplay the role of the "made in" effect and highlight how the brand is "made for" the needs of the local population despite its foreign origin (e.g. the Skoda "Made for" campaign). FMCG companies connect with local markets by localizing their supply chains and engaging in local sourcing that benefits regional

communities (e.g. Danone's multi-local supply chain strategy). Finally, many foreign brands capitalize on their market leadership or long-standing presence across national markets to signal local consumers' appreciation and justify the deserved designation of a legitimate local player (e.g. Nivea). Thus, how brand origin interacts with perceptions of globalness and localness is key to understand how consumers identify with brands employing hybrid strategies.

Prior research draws an inconclusive picture about this interaction. On the one hand, Swoboda et al. (2012, p. 76) argue that a retailer's foreign (vs. domestic) origin operates as a "diagnosticity multiplier" for perceived globalness (vs. localness) effects and find that, in China, global retailers of Western origin are valued more than retailers of domestic origin. Similarly, Westjohn et al. (2015) find that consumers' global consumption orientation increases attitudes toward foreign global brands but decrease attitudes toward domestic global brands. In contrast, Winit et al. (2014) empirically find a reverse pattern whereby the positive effects of perceived globalness on brand attitudes and purchase intent are stronger for domestic than foreign brands.

We draw from cue utilization theory (Jacoby, Olson, & Haddock, 1971; Olson & Jacoby, 1972) to conceptualize the interplay between brand globalness/localness and domestic/foreign brand origin. Branded products represent sets of cues (Cox, 1962). Whether or to which extent a brand cue will be used for product evaluation depends on its diagnosticity (Purohit & Srivastava, 2001) or – as Olson & Jacoby (1972) originally put it – on the combination of the cue's predictive and confidence value. Cue utilization theory suggests that when consumers evaluate products they do not look at cues in isolation but in combination such that different cues interact with each other to determine quality judgments (Jacoby et al., 1971). In simple terms, the diagnostic importance of a cue depends on the presence or value of other cues. For instance, a

<sup>&</sup>lt;sup>1</sup> We thank an anonymous reviewer for this suggestion.

brand cue (e.g. warranty) will affect brand evaluation when another cue reaches a particular level (i.e. good reputation) but not when it does not (i.e. bad reputation) (Purohit & Srivastava, 2001).

Brand globalness, localness and origin represent distinct brand cues. Apart from these cues' ability to influence quality judgments (e.g. Batra et al., 2000; Özsomer, 2012; Steenkamp et al., 2003), we expect them to also influence brand identification in an interactive manner dictated by two premises: (1) substitutionality between domestic/foreign origin and brand localness/globalness respectively, and (2) complementarity in consumer's appreciation of global and local identity value. The first premise holds that, from a cue diagnosticity perspective, brand foreignness has a stronger associative overlap with globalness than with localness and brand domesticity has a stronger associative overlap with localness than with globalness. The mere fact that a foreign brand is available in a market (beyond its home one) ascribes it with the ambition of a global reach and its subsequent associations of status, prestige and aspiration (Steenkamp et al., 2003). Foreign brands allow consumers to get an authentic taste of different world cultures, experience exotic offerings and explore their cosmopolitan self (Riefler, Diamantopoulos, & Siguaw, 2012). Thus, although foreign brands do not always share the same connotations with global brands, they are still seen as a path to break the borders of the local consumption culture and explore what the world has to offer. Similarly, although a domestic brand is not necessarily perceived as a brand with a strong local character, its domestic origin automatically categorizes the brand as member of the consumer's in-group and ascribes it with a minimum level of local embeddedness purely on the basis of that membership and regardless of whether local symbolism or connections represent central dimensions of the brand's intended positioning.

The second premise implies that consumers value both global and local brand associations and view them as complementary rather than as conflicting or competing sources of value. As a

consequence, consumers are expected to strive both for global and local identity reinforcement in their purchase decisions rather than focus only on one of them (Kjeldgaard & Askegaard, 2006).

On the basis of these two premises, we expect that when evaluating brands for relationship candidates, consumers view global and local identity value in a complementary way, and in their effort to achieve both, they engage in compensatory identity mechanisms whereby domestic origin compensates for the lack of localness associations while foreign origin compensates for the lack of globalness associations. Through this compensatory logic, a brand's local connectedness is valued more when the brand originates from a foreign country and a brand's global reach holds stronger relevance for domestic than for foreign-owned brands. We thus expect that brand globalness compensates for the identity benefits of foreignness which are "lost" when a domestic brand is purchased while the relational value of perceived localness is be stronger for foreign brands because brand localness compensates for consumers' need to remain attached to their local consumption practices unserved by locally-detached foreign products.<sup>2</sup>

H<sub>3</sub>: The positive effect of perceived globalness on consumer-brand identification is stronger for domestic (vs. foreign) brands (H<sub>3a</sub>), while the positive effect of perceived localness on consumer-brand identification is stronger for foreign (vs. domestic) brands (H<sub>3b</sub>).

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<sup>&</sup>lt;sup>2</sup> Our expectation is also consistent with schema theory and how consumers tend to assimilate schematically inconsistent information. If we assume that "domestic brands" represent a distinct schema in consumers' minds, for most consumers (especially in emerging markets), a global domestic player (e.g. Huawei in China) represents a special case of a domestic brand which will be sub-typed under the "domestic brand" schema as a Chinese brand with a prominent differentiating characteristic not shared by most other brands in the same schema (i.e. its globalness). Similarly, if we assume that "foreign brands" represent yet another distinct schema, for most consumers, a locally connected foreign player (e.g. Toyota in the US) represents a special case of a foreign brand which will be sub-typed under the "foreign brand" schema as a foreign brand with a prominent differentiating characteristic not shared by most other brands in the same schema (i.e. its localness). Schema theory suggests, that for brands that are sub-typed, their differentiating characteristics tend to weigh stronger on consumer responses (Sujan & Bettman, 1989), which is in accordance with an interaction in the described direction.

#### 2.5 Controls and established effects

Apart from CBI, we include purchase intention as the ultimate dependent variable in our studies to test whether globalness- and localness-induced identification with a brand influences consumers' willingness to buy the brand. The inclusion of this outcome variable is important to ensure that brand identification translates to a managerially relevant brand outcome. Research suggests that CBI exerts a strong positive influence on consumers' purchase intentions for the brand. Consumers tend to buy and remain loyal to brands that express their identification (Haumann et al., 2014; Lam et al., 2013; Stokburger-Sauer et al., 2013). We thus include purchase intentions as a direct outcome of CBI and subsequently test direct and indirect influences of perceived brand globalness and localness on it. Finally, we expect our hypothesized effects to hold in the presence of a perceived brand quality – which has been consistently proposed as one of the important drivers of global and local brand preference (Özsomer, 2012; Steenkamp et al., 2003) – to ensure that identification due to perceived globalness and localness manifests above and beyond quality effects. Figure 1 summarizes our research model.

### Insert Figure 1 about here

### 3. Study 1: Mature Market

### 3.1 Methodology

We conducted an empirical study in Austria. In terms of economic development, Austria resembles countries typically used in international branding studies (i.e. USA, Denmark, South Korea, etc.). It shares borders with several countries and its citizens have direct access to other

nations and their products. In 2017, the value of imported goods accounted for approximately half its GDP (World Bank, 2018), while it also ranks among the top 10 most globalized countries (ETH, 2018). Austrian consumers typically choose between a wide variety of global and local brands in most product categories making Austria an appropriate setting for this study.

Data was collected with face-to-face interviews, using a quota sampling approach based on age and gender. The respondents (N=150) were recruited and surveyed by trained interviewers in shopping malls, supermarkets, cafés, etc. Respondents' characteristics are presented in Table 1.

#### Insert Table 1 about here

Study participants were exposed to one domestic and one foreign brand from the same product category; thus, the cases used for model estimation amount to 300. In choosing the brands and product categories, we followed Steenkamp et al. (2003). First, we made sure that product categories varied across the durable-nondurable continuum in order to increase generalizability. The chosen product categories consumer durables, motorcycles, lingerie, snacks, and soft drinks. Second, the selection of brands in each category aimed to establish a sufficient amount of variance in perceived brand globalness and localness. As shown in Table 2 (upper panel), on average, brands differ significantly with regard to their globalness scores (ranging from 2.70 to 6.73 on a 7-point scale). In each product category, the foreign and the domestic brands also differ with regard to their localness values (ranging from 2.09 to 6.06).

### Insert Table 2 about here

To measure the constructs in our model, we referred to prior research and used established scales (see Table 3). In line with a broader conceptualization of brand localness in our theorizing, to operationalize PBL, we drew conceptual guidance from the description of local consumer culture positioning (LCCP; Alden et al., 1999) and also undertook a qualitative study with 78 consumers. Each respondent was exposed to one of eight different domestic and foreign brands and asked – in an open-answer format – whether and, if so, why the brand in question had a connection to the local culture.<sup>3</sup> Based on a cross-case analysis (Miles & Huberman, 1994) of the transcribed responses and measurement scales used by prior research (Halkias et al., 2016; Swoboda et al., 2012), we formulated items capturing consumers' associations with the local connectedness of a brand. The items assessed the degree to which the brand is associated with the local country; whether it is bought by an average consumer in the local market; and whether the brand is perceived to be part of the local consumption culture. These items correspond to a broader conceptualization of brand localness which accounts for sources of local brand value beyond mere local iconicity or cultural symbolism. Table 3 shows the measures for all model constructs together with relevant psychometric information.

#### Insert Table 3 about here

#### 3.2 Results

A CFA including all study constructs produced a satisfactory overall fit ( $\chi^2 = 226.64$ , df = 80; RMSEA = 0.078; SRMR = 0.053; CFI = 0.946). Factor loadings, t-values, Cronbach's alphas, CRs and AVEs all point to high levels of reliability and convergent validity of the measurements

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<sup>&</sup>lt;sup>3</sup> The brands used in the qualitative study were different from those used in the main study.

(Table 3). The Fornell and Larcker (1981) criterion confirms discriminant validity since, for each construct, the relevant AVE is much higher than the squared correlation between the construct of interest and all other constructs in the model (Table 4). The correlation coefficient between PBG and PBL came to r = -0.265 (p < 0.001) indicating that if consumers perceive a brand as being highly global, they also perceive a lower degree of localness. This moderate correlation also demonstrates empirically that, in line with our theorizing on their distinct and potentially coexisting nature, PBG and PBL are distinct concepts rather than opposing ends on the same continuum (which would be empirically supported by a much higher correlation coefficient).

#### Insert Table 4 about here

As we relied on self-reported data and generated the measures for all constructs from the same source, we wanted to rule out common method variance (CMV) concerns. We accounted for CMV using both ex ante and ex post control procedures (Chang, van Witteloostuijn, & Eden, 2010). Ex ante, we assured respondents of anonymity and confidentiality and emphasized that there are no right or wrong answers. Ex post, we accounted for CMV statistically by employing a variation of the marker variable procedure proposed by Malhotra, Kim, and Patil (2006). Our questionnaire did not include a marker variable that was theoretically unrelated to the variables analyzed in the model. Therefore, we used the second lowest positive correlation (r = 0.012) between the indicators measuring the analyzed constructs (excluding the control variable) as a proxy for CMV. We adjusted the zero-order correlations among the constructs in our study by partialling out our proxy for common method variance. The results revealed no concern.

Estimation of the structural model in Figure 1 resulted in satisfactory overall model fit  $(\chi^2=227.687,\,df=82;\,RMSEA=0.077;\,SRMR=0.054;\,CFI=0.947)$ . The findings provide evidence for significant effects of PBG  $(\beta=0.118,\,p<0.05)^4$  and PBL  $(\beta=0.172,\,p<0.05)$  on CBI in support of  $H_1$  and  $H_2$ . The effect of CBI on purchase intentions is positive and significant  $(\beta=0.483,\,p<0.001)$ , thus leading to significant indirect effects of PBG  $\beta=0.057$  (p<0.05) and PBL  $\beta=0.083$  (p<0.05) on purchase intentions. These significant mediation effects are also indicated by the bootstrap 95% confidence intervals for PBG  $[0.001;\,0.172]$  and PBL  $[0.012;\,0.148]$  both of which do not contain zero (Preacher & Hayes, 2008).

To test the type of mediation (Zhao, Lynch, & Chen, 2010), we added direct paths from PBG and PBL to purchase intentions. The relevant path coefficients were insignificant and the chi-square values of the models with and without these direct links showed a non-significant change in model fit. Thus, we have an indirect-only mediation for both variables on purchase intention. With regard to the control relationships, perceived brand quality significantly influences CBI ( $\beta = 0.392$ , p < 0.001) as well as purchase intentions ( $\beta = 0.232$ , p < 0.001).

We also explored the potential interaction between PBG and PBL on CBI. Results of a hierarchical regression analysis indicate that including the interaction term PBG×PBL results in a significant  $R^2$ -change ( $\Delta R^2 = 0.026$ , F (1; 295) = 9.32, p < 0.01) and that the interaction is positive and significant ( $\beta = 0.077$ , p < 0.01). As a robustness check,  $\chi^2$  model fit comparisons (with and without a latent variable interaction term developed using residual centering – Little, Bovaird, & Widaman, 2006) indicate that the inclusion of the latent interactive term significantly improves model fit and obtains a positive estimate in the presence of significant main effects of

<sup>&</sup>lt;sup>4</sup> Standardized coefficients in the text.

PBG and PBL (see Appendix, Table C). Thus, the effects of PBG are stronger as PBL increases and vice versa, indicating complementarity and mutual reinforcement between them.

To test  $H_{3a}$  and  $H_{3b}$ , we ran multi-group analysis. We split the dataset into foreign and domestic brands and re-ran the structural model in Figure 1.<sup>5</sup> A  $\chi^2$ -difference test comparing specifications with and without equality constraints on the respective relationships reveals significant differences with regard to the effect of PBG on CBI ( $\Delta\chi^2=3.044$ , p=0.081). In line with  $H_{3a}$ , this link is only significant for domestic brands ( $\beta=0.165$ , p<0.05) but not significant for foreign brands ( $\beta=-0.041$ , ns). With regard to PBL effects on CBI, the overall  $\chi^2$ -difference test is not significant ( $\Delta\chi^2=2.074$ , p=0.150). However, the results indicate that PBL has a significant impact for foreign brands ( $\beta=0.280$ , p<0.01) but not for domestic brands ( $\beta=0.176$ , ns) which is also in line with  $H_{3b}$ .

We further conducted three additional analyses to test the robustness of our results with regards to (a) endogeneity, (b) split-sample validation, and (c) product category specificity. With regard to (a), we re-estimated our model with a three-stage least square (3SLS) moderated regression procedure to account for endogeneity using brand origin as an instrumental variable (Zaefarian, Kadile, Henneberg, & Leischnig, 2017). The results are in consonance with those of the structural equation model. With regard to (b), we validated our model using a split-half sample approach. The model estimates of the (randomly generated) split-half samples indicate stability of the effect structure. Regarding (c), we re-estimated our model, after including product category dummies as covariates on both endogenous variables (i.e. CBI and purchase intentions) and accounting for their correlations with the focal exogenous variables (i.e. PBG and PBL). The

<sup>5</sup> Note that the sample split was based on objective (i.e. "true") brand origin; pre-tests showed that the selected brands' perceived origin (domestic or foreign) coincides with their true origin.

<sup>&</sup>lt;sup>6</sup> Empirical tests of instrument relevance and exogeneity indicate that brand origin is an appropriate instrument.

results were consistent with those of the original model as no significant changes in parameter estimates, effect sizes, and statistical significances were observed. (see Appendix Tables D-F).

# 4. Study 2: Emerging market

Study 2 seeks to test the stability of our research model in an emerging market context and provide a validation of Study 1 findings in another and yet sufficiently distinct setting in terms of economic development and with a different set of product categories and stimuli brands. A replication of our model in an emerging market seems valuable since prior research suggests that consumer responses to global and local brands often differ between mature and emerging markets (Batra et al., 2000) and across product categories (Davvetas & Diamantopoulos, 2016). Thus, Study 2 tests the results' cross-country replicability and cross-category generalizability.

# 4.1 Methodology

We replicated our research model in Bulgaria which is less economically developed than Austria despite displaying high levels of trade with other countries (World Bank, 2018). Specifically, Bulgaria ranks #26 out of 199 countries listed on the KOF index of globalization (ETH, 2018) and consumers are exposed to a range of both local and global brands in many categories.

With regard to stimuli selection, we used five product categories (bottled water, beer, coffee, airlines, and financial services) that were different from those in Study 1. Foreign brands included several well-known brand names while domestic brands were chosen following consultation with two marketing experts highly familiar with Bulgarian consumer behavior. In a pretest with 23 Bulgarian consumers, we confirmed those brands' relevance and familiarity.

Data were collected through an online survey in cooperation with a professional consumer panel provider resulting in a sample of 302 adult consumers (see Table 1). As in Study 1, the chosen brands varied considerably in terms of PBG and PBL (see Table 2); construct were measured and validated in a similar manner (see Table 3).

### 4.2 Results

A CFA confirmed the unidimensionality, reliability and validity of the measurement scales used  $(\chi^2=191.08,\,df=80;\,RMSEA=0.068;\,SRMR=0.056;\,CFI=0.969)$ . Factor loadings, t-values, Cronbach's alphas, composite reliabilities (CR) and average variances extracted (AVE) all show high levels of reliability and convergent/discriminant validity (see Tables 3 and 4). These results confirm that all used scales are valid and reliable also in an emerging market context. Interestingly, unlike Study 1, the correlation between PBG and PBL is positive, but weak  $(r=0.130;\,p<0.05)$ . We relied on the same procedures to test for CMV as in Study 1 and results gave no reason for concern.

We first tested whether the hypothesized full mediation model holds in the emerging market setting by adding direct paths from PBG and PBL to purchase intentions and comparing model fit. Results indicate a significant improvement in model fit ( $\Delta\chi^2=29.90$ , df = 2) and overall model fit is also satisfactory ( $\chi^2=191.08$ , df = 80; RMSEA = 0.068; SRMR = 0.056; CFI = 0.969). We observe a positive and significant effect from PBG to CBI ( $\beta=0.289$ ; p < 0.001) in support of H<sub>1</sub>. In turn, CBI positively influences purchase intention ( $\beta=0.142$ ; p < 0.05), thus providing evidence for a significant indirect effect ( $\beta=0.041$ ; p < 0.05; 95% bootstrap interval = [0.002, 0.087]). Beyond its indirect effect, PBG has a positive direct effect on purchase intention ( $\beta=0.159$ ; p < 0.01) resulting in a total effect of  $\beta=0.200$  (p < 0.001). In

support of  $H_2$ , PBL has a positive influence on CBI ( $\beta=0.479$ , p<0.001) leading to a significant indirect effect on purchase intention ( $\beta=0.068$ ; p<0.05). Additionally, PBL has a direct effect on purchase intentions ( $\beta=0.320$ ; p<0.001) which, added to the indirect effect, leads to a significant positive total effect ( $\beta=0.389$ ; p<0.001). The share of the total effect on purchase intention that is actually mediated by CBI is 20.5% for PBG and 17.5% for PBL. The control paths from brand quality on CBI ( $\beta=0.134$ ; p<0.05) and purchase intention ( $\beta=0.328$ ; p<0.001) are also positive and significant.

Hierarchical regression analysis estimating the effects of the PBG×PBL interaction term on CBI also provides evidence for a significant positive interaction of PBG and PBL on CBI. The inclusion of the interactive term results in a significant  $R^2$ -change ( $\Delta R^2 = 0.036$ ; F (1; 297) = 17.60, p < 0.001) and the relevant coefficient is, again, positive and significant ( $\beta = 0.101$ , p < 0.001). Similar to the previous study, formal  $\chi^2$  difference tests between models with and without a latent variable interaction term demonstrate that the inclusion of the latent interactive term significantly improves model fit (see Appendix, Table C).

In order to test the moderating role of brand origin, we again split the dataset in foreign and domestic brands and ran multi-group analyses to test differences between these types of brands for the following: (a) the effects of PBG and PBL on CBI, (b) the direct effects of PBG and PBL on purchase intention, and (c) the total effects of PBG and PBL on purchase intention.<sup>7</sup>

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 $<sup>^7</sup>$  To compare total effects, we performed a formal z-test (z =  $^{T_1}$  -  $^{T_2}$ / $\sqrt{SE_{T1}^2 + SE_{T2}^2}$ ), whereby  $T_1$ ,  $T_2$  refer to the unstandardized parameter estimates of the total effect for group 1 (foreign brands) and group 2 (domestic brands) respectively, while  $SE_{T1}$ ,  $SE_{T2}$  refer to the standard errors corresponding to these parameter estimates. We used unstandardized estimates because their standardized equivalents "can lead to erroneous inferences when one wishes to make comparisons across populations or samples" (Bagozzi, 1980, p. 187). For the present test, the respective unstandardized values are  $T_{foreign} = 0.411$ ,  $T_{domestic} = 0.103$ ,  $SE_{Tforeign} = 0.123$ ,  $SE_{Tdomestic} = 0.123$ .

With regard to (a), we find that PBG has significant positive effects on CBI for both foreign and domestic brands. Although, in line with  $H_{3a}$ , the effect of PBG on CBI for domestic brands is much stronger than for foreign brands, their difference is not statistically significant  $(\Delta\chi^2=0.812,\,df=1,\,ns;\,\beta_{foreign}=0.126,\,p<0.05;\,\beta_{domestic}=0.278,\,p<0.01).$  Thus,  $H_{3a}$  is not supported. PBL has also significant positive effects on CBI for both foreign and domestic brands, but its effects are significantly stronger for foreign than for domestic brands  $(\Delta\chi^2=5.085,\,df=1,\,p<0.05;\,\beta_{foreign}=0.632,\,p<0.001;\,\beta_{domestic}=0.372,\,p<0.01).$  Thus,  $H_{3b}$  is supported.

Turning to (b), PBG has direct effects on purchase intentions which are significant only for foreign but not for domestic brands ( $\Delta\chi^2=4.755$ , df = 1, p < 0.05;  $\beta_{foreign}=0.252$ , p < 0.01;  $\beta_{domestic}=0.035$ , ns). PBL's direct effects on purchase intentions are stronger for domestic brands than for foreign brands, however, this difference is not significant ( $\Delta\chi^2=2.04$ , df = 1, ns;  $\beta_{foreign}=0.173$ , ns;  $\beta_{domestic}=0.395$ , p < 0.01).

Finally, with regard to (c), the total effect of PBG on purchase intention is only significant for foreign brands ( $\beta_{foreign} = 0.281$ , p < 0.001;  $\beta_{domestic} = 0.061$ , ns; z = 2.11, p < 0.05), while the total effect of PBL on purchase intention is significant for both foreign and domestic brands and does not vary significantly in magnitude ( $\beta_{foreign} = 0.322$ , p < 0.001;  $\beta_{domestic} = 0.432$ , p < 0.001; z = -0.060, ns). Table 5 summarizes the hypothesis testing results as well as the total effects of PBG and PBL on purchase intention across our two studies.

Finally, we conducted the same robustness check analyses as in Study 1. The results support the robustness of our findings in this country sample as well (Appendix, Tables D-F).

#### Insert Table 5 about here

#### 5. Discussion and Conclusions

Over the last two decades, marketing literature has increasingly adopted a relational perspective to analyze marketing exchanges. Although this paradigm originated in business-to-business transactions, it soon transcended the consumer research domain and has been used to explain consumers' relationships with products (e.g. Fournier, 1998). Despite this profound shift and amid the undeniable impact of globalization on market landscapes, international branding literature has not investigated how a brand's efforts to achieve a global position or connections with local markets influence consumers' choices of brands for relationship-building purposes (Cayla & Arnould, 2008). Our research provides a first investigation of this research gap and generates several insights of theoretical and managerial relevance.

### 5.1 Theoretical contribution

The first theoretical implication of our research is that both perceptions of global reach and perceptions of local embeddedness influence the intensity of consumers' relational bonds with brands. Our findings suggest that the identity overlap consumers have with particular brands is driven by beliefs that the brand is known, marketed and demanded in multiple markets (Steenkamp et al., 2003) as well as by the brand's efforts to connect with the local market and blend itself within the local consumption culture (Swoboda et al., 2012). Consumer perceptions of globalness and localness feed into the key drivers of consumer-brand relationship building such as the need to verify, enhance and communicate the consumer's identity, the preference for prestigious consumption as well as the reenactment of warm and memorable past experiences (Bhattacharya & Sen, 2003; Stokburger-Sauer et al., 2013).

A second contribution of our study concerns the interlinkage between the constructs of perceived brand globalness and localness. Unlike most prior research approaching perceived globalness and localness as two alternative bases of branding strategies, our study proposes and empirically demonstrates that brand globalness and localness can coexist within the same brand (Winit et al., 2014) and reinforce each other's effects on consumer-brand identification. These findings support that consumers' bonds with brands get stronger when they carry both a pronounced global image and the ability to associate with local consumption experiences. From an identity construction perspective, this finding is consistent with work arguing in favor of the hybridization of consumer identities and the emergence of a glocalized consumption culture (Arnett, 2002; Kjeldgaard & Askegaard, 2006).

Third, we also contribute to branding research by providing a broader conceptualization of brand localness than the one used by prior literature (Özsomer, 2012; Steenkamp et al., 2003) which goes beyond local symbolism and cultural iconicity and accounts for unexplored aspects of local brand relevance (e.g. local purchase typicality, local population support, local sourcing, tailoring and adaptability). These sources of local relevance can also be achieved by foreign and/or global players, thus leading to glocal brand hybrids which, in light of our evidence, are the most promising candidates for becoming consumers' brand partners.

A fourth contribution of our study concerns the identification of an additional mechanism underlying consumer preference for brands with international presence and local market connections. Prior research in the field has established that consumers prefer global brands because of quality, prestige, and purchase safety (Davvetas & Diamantopoulos, 2018; Dimofte et al., 2008; Özsomer, 2012) and local icon brands because they associated them with functional and psychological value (Swoboda et al., 2012). Our work builds on a more recent stream of

global/local branding studies which link perceptions of globalness and localness with consumers' need to express their identity (Strizhakova & Coulter, 2015; Xie et al., 2015). This identification mechanism translates to higher willingness to buy the brand that manifests over and above the established effects of brand quality.

The fifth contribution of our work relates to the interplay between perceived brand globalness/localness and brand origin which until recently, has attracted surprisingly scant attention (Winit et al., 2014). Our work decomposes these notions and finds that brand origin imposes boundary conditions on the relational effects of brand globalness and localness. More specifically, we offer evidence showing that consumers perceive a brand's foreignness as a potential substitute for its globalness and a brand's domesticity as a potential substitute for its local connectedness: when foreignness is missing, brand globalness contributes more to the consumer-brand overlap and subsequent preference. Inversely, in the absence of a domestic brand origin, local market embeddedness is more important for building consumer-brand identification. These findings imply that (a) brand globalness, localness and domestic/foreign origin should be treated as distinct but potentially interacting constructs, and (b) the picture of how consumers respond to global and local brands cannot be fully captured unless origin influences are simultaneously considered.

Finally, interesting insights emerge when looking at the observed effects in a comparative (mature vs. emerging) market context. Focusing on the commonalities, the effects of brand globalness and localness on consumer-brand identification (and subsequently on purchase intentions) are observed both in mature and emerging markets. Also, the interactive effects of these two constructs are observed in both countries as well. On the differences side, in the emerging market, the effects of both globalness and localness on consumer-brand identification

and purchase intent appear stronger than in the mature market as well as not fully explained by consumer-brand identification (and brand quality). But most importantly, although in both markets domestic brands benefit more by globalness perceptions and foreign brands benefit more by localness perceptions, in the emerging market, brand localness was also important for domestic players and an international presence was highly important for foreign players. This pattern was not obtained in the developed market, implying that hybridization through appropriately matching brand origin with localness and globalness perceptions is particularly relevant for consumer identification purposes in economically developed countries.

# 5.2 Managerial implications

Our findings have implications for managers regarding the effectiveness of alternative branding strategies. First, our findings suggest that building a brand image which revolves around either the brand's global reach or the brand's connection to the local market increases how identified consumers feel with the brand. As a result, it is advisable that brand managers incorporate messages which link the brand either with the global consumer culture (which signals modernity, universalism and international appeal) or with the local market culture (which shows local appreciation and relevance) (Alden et al., 1999). Notably, localness is not something enjoyed only by domestic brands but can also be beneficial for foreign or global brands which may not claim a local iconic position but still manage to integrate in local consumption practices.

Furthermore, a mixture of elements from both local and global positioning strategies can also be effective because of the positive interaction of globalness and localness perceptions. This interaction implies that a "glocal" brand image benefits from relational synergies which foster consumer-brand identification to a greater extent than that achieved through employing an

exclusively global or solely localized strategy. In simple terms, when it comes to consumer-brand relationships, consumers reward brand hybridization and brands which combine international and local elements into a glocal brand strategy. Our findings suggest that there are two paths toward hybridization which depend strongly on brand origin. Due to this dependency, brand managers are advised to track brand origin knowledge before embarking into such strategies and adjust them accordingly.

The first path refers to brands originating from the consumer's own country for which a global-focused strategy is more effective to build consumer-brand relationships. The combination of a domestic origin with a global reach nurtures feelings of pride for the success of the domestic player who "made it" internationally (Riefler, 2012) and can thus be used as the cornerstone of the brand personality. In essence, this implies, that domestic brands that manage to internationalize and embed this international image in their positioning "back home" are expected to score home country gains. Brand internationalization fosters consumer-brand relationships with home country consumers, thus also leading to domestic brand success.

The second path refers to foreign brands who can achieve hybridization by developing local market connections, embedding in local market consumption norms, and acquiring local meaning. Several real-life examples indicate that such localization strategy can be achieved in many ways. One way appears to be extensive local adaptability. For instance, Pizza Hut and Danone use local ingredients in their production across markets to tailor their products to local tastes despite having a clear global brand image and a highly standardized product-price mix. A second way is through investing in local production structures and being perceived as supporters of the local economy. Japanese car brands, such as Toyota and Honda, have managed to claim the status of a legitimate local player in the American automotive market by moving big parts of

their production facilities in US communities and contributing to these communities' well-being. These aspects of their brand strategy are also central in their communications to the American consumer who in many local communities perceives these brands as "one of their own". Another way of attaining local connectedness is through building on the brand's long-standing presence in the local market, its participation in consumers' autobiographical experiences, and its purchase typicality for the average local consumer. Brands which have successfully achieved this position include Nutella, which is so embedded in German consumers' nostalgic childhood memories that is perceived as a German brand despite being of Italian origin. Finally, local embeddedness may be achieved through active support of locally relevant causes and participation in the solution of local community problems.

Collectively, these paths suggest that for consumer-brand relationship building, internationalization is more important for domestic brands while localization is more important for foreign players. Using an illustrative example, it appears much more important for a German brand (e.g. BMW) to be global in order that a German consumer identifies with it than it would be for a foreign brand (e.g. Ford) to achieve the same level of consumer-brand identification. Inversely, for an American consumer, it is much more important for a foreign brand (e.g. BMW) to connect with the local market in some way (e.g. support US workforce) to achieve identification than it would be for a US brand (e.g. Ford).

Finally, brand globalization, localization or hybridization strategies must be considered in conjunction with the country's mature or emergent status. In emerging markets, consumers seem to rely more on global/local brand images when forming brand relationships and purchase intentions. Although some origin-globalness/localness matches are particularly appealing to consumers (localized foreign and domestic global brands), all brands can benefit by a global

presence or local market connections. In mature markets, on the other hand, originglobalness/localness matches are much more important for relationship-building purposes. Thus, in these markets, domestic brands should consider internationalizing or promoting their nonlocal presence to boost identification while foreign players should find ways to embed in the local market to achieve identify benefits. Not doing so, might hinder consumer-brand identification.

## 5.3 Limitations and further research

Several limitations of our investigation provide interesting directions for future research. First, our studies use consumer-brand identification to capture the consumer-brand bond. This construct, however, focuses on the degree/level of the consumer-brand overlap and does not capture its qualitative nature. Specifically, although a consumer can exhibit the same level of identification with two brands, the content/type of this relationship might vary. For example, the relationship with one brand might resemble either a best friendship or a happy partnership (Fournier, 1998). Similarly, the dimensions of the relationship (e.g. intimacy, commitment, etc.) which form different consumer-brand relationship types might be differentially influenced by a brand's localness and/or globalness. Future research should focus on these subtle aspects.

Future researchers are also urged to test whether the relational effects of perceived brand globalness and localness are (equally) enduring over time. Due to the cross-sectional nature of our studies, our findings cannot reveal the impact of perceived brand globalness and localness on relationship duration which, however, is a key aspect of all relationship types. Consumer-brand relationships are dynamic in nature and often follow trajectories characterized by peaks and lows over time (Fournier, 1998). Investigating whether perceived brand globalness/localness can predict these trajectories through longitudinal study designs would also be valuable for long-term

brand strategy development. Also, how changes in brand origin (e.g. domestic brand takeovers from multinationals) affect consumers' relationships with brands is worth investigating.

Additionally, our studies used correlational data to test the interplay between brand origin and brand globalness/localness. However, to provide strict causal evidence for this interaction experimental investigations are needed. Research designs which directly manipulate the constructs of interest would be useful to validate the findings of our studies.

Finally, it is important to test the relational effects of brand localness and globalness under different cultural, consumer, and product category contexts. Cultural variables could moderate the strength or even direction of the reported effects. For instance, consumers of cultures characterized by short-term orientation should be more likely to build relationships with established local brands participating in their nostalgic experiences because of their stronger anchoring in the past compared to consumers of long-term oriented cultures. Similarly, the positive association of general values with consumer attitudes toward global and local products (e.g. power is positively related with global product attitudes while conformity with local product attitudes — Steenkamp & de Jong, 2010) brings about predictions that, in cultures of high (low) power distance, consumer relationships with local (global) brands are stronger and/or more likely. Finally, one could expect differences in the relational value of a brand's globalness and localness across different consumer groups (e.g. ethnocentrics) and product categories (Davvetas & Diamantopoulos, 2016). We leave these promising questions for future research to explore.

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Table 1: Sample characteristics

	Study 1 (%)	Study 2 (%)
Gender		
Female	50.7	50.3
Male	49.3	49.7
Education		
Elementary	4.0	1.7
Apprenticeship/technical school	19.7	15.9
High school	22.1	20.5
University	52.2	57.9
Other	2.0	4.0
<b>Employment status</b>		
Employed	56.7	64.2
Student	17.3	7.9
Retired	16.0	6.0
Other	10.0	21.8
Mean Age	44.2 years (SD = 15.8)	39.8 years (SD = 13.1)

Note: For both countries, age and gender distributions of the sample approximate the population age and gender composition.

Table 2: Brand stimuli

	Brand origin	Brand origin		Perceived brand globalness (PBG)			Perceived brand localness (PBL)					
			Fore	eign	Dom	nestic		For	eign	Dome	estic	
	Foreign	Domestic	Mean	SD	Mean	SD	p	Mean	SD	Mean	SD	p
Study 1												
Retailing	IKEA	XXXLutz	5.88	1.76	2.70	1.26*	< 0.05	2.59	1.00	4.86	1.12*	< 0.05
Motorcycles	BMW	KTM	6.07	1.42	4.81	1.55*	< 0.05	3.04	1.59	3.99	2.06*	< 0.05
Underwear	Triumph	Palmers	4.90	1.53	4.51	1.65	ns	2.43	1.38	4.59	2.05*	< 0.05
Sweets	Snickers	Manner	5.04	1.71	4.28	1.74	ns	2.09	1.21	6.06	1.03*	< 0.05
Soft Drinks	Coca-Cola	Red Bull	6.73	.66	5.62	1.55*	< 0.05	2.18	1.26	3.28	1.73*	< 0.05
Study 2												
Water	Evian	Gorna Bania	5.32	1.52	4.10	1.98	< 0.05	2.11	1.07	4.66	1.80*	< 0.05
Beer	Heineken	Zagorka	6.32	1.01	4.00	1.68	< 0.05	2.34	1.23	4.28	1.56*	< 0.05
Coffee	Segafredo	Nova Brasilia	5.57	1.23	4.07	2.04	< 0.05	2.32	1.33	4.37	1.62*	< 0.05
Airlines	United Airlines	Bulgarian Airlines	5.92	1.22	4.63	1.52	< 0.05	2.43	1.30	4.51	1.53*	< 0.05
Financial Services	UniCredit	Purva Investizionna Banka	5.25	1.85	4.04	1.81	< 0.05	3.79	1.71	3.39	1.48	ns

Note: items measured on seven-point Likert scales; ns = non-significant

Table 3: Construct measurement

	Study 1	Study 2
Construct	Standardized Loading	Standardized Loading
Perceived brand globalness (PBG)	α=0.81; C.R.=0.84; AVE=0.63	α=0.92; C.R.=0.91; AVE=0.80
(Steenkamp et al., 2003)		
To me, this is a global/local brand.	$0.63^{a}$	$0.85^{a}$
I don't/do think consumers overseas by this brand.	0.85***	0.93***
This brand is sold only in [country]/all over the world.	0.89***	0.91***
Perceived brand localness (PBL) (Adapted from Halkias et al., 2016; Swoboda et al., 2012)	α=0.86; C.R.= 0.86; AVE= 0.67	α=0.85; C.R.=0.80; AVE=0.66
I associate this brand with [country].	0.83ª	$0.78^{a}$
The typical [country citizen] buys this brand.	0.75***	0.78***
This brand is part of our [country] culture.	0.88***	0.88***
Consumer-brand identification (CBI)	~-0.00; C.D0.00; AVE-0.70	a=0.02; C.D.=0.00; AVE=0.75
(Escalas & Bettman, 2005)	α=0.90; C.R.=0.90; AVE= 0.70	α=0.92; C.R.=0.90; AVE=0.75
This brand reflects who I am.	0.83ª	0.83ª
I can identify with this brand.	0.94***	0.88***
I feel a personal connection to this brand.	$0.90^{***}$	$0.86^{***}$
This brand suits me well.	0.65***	0.89***
Purchase intention (PINT)	α=0.89; C.R.=0.89; AVE= 0.74	α=0.92; C.R.=0.90; AVE=0.80
(Putrevu & Lord, 1994)	u-0.89, C.K0.89, AVE-0.74	u−0.92, C.R.−0.90, A v E−0.80
It is very likely that I will buy this brand.	$0.89^{a}$	0.95ª
I will purchase this brand the next time I need [such a product].	0.91***	0.86***
I will definitely try this brand.	0.78***	0.87***
Perceived brand quality (QUAL)	~-0.94: C.D0.94: AVE-0.72	a=0.02; C.D.=0.01; AVE=0.95
(Yoo et al., 2000)	$\alpha$ =0.84; C.R.= 0.84; AVE= 0.73	α=0.92; C.R.=0.91; AVE=0.85
The likely quality of this brand is extremely high.	$0.86^{a}$	0.95ª
The likelihood that this brand would be functional is very high.	0.85***	0.90***

a Scaling indicator, \*\*\* p < .001; All items were measured on 7-point scales.

Table 4: Descriptive statistics and discriminant validity assessment

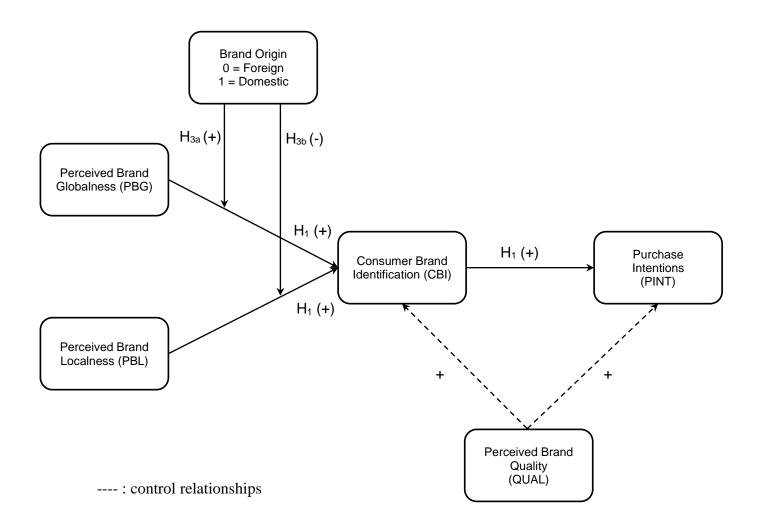
	Mean	SD	1	2	3	4	5
1. PBG	5.05/4.91	1.84/1.80	0.63/0.80				_
2. PBL	3.51/3.43	1.93/1.76	0.07/0.02	0.67/0.66			
3. CBI	2.75/2.80	1.70/1.66	0.01/0.16	0.06/0.32	0.70/0.75		
4. PINT	3.92/4.80	1.89/1.69	0.01/0.16	0.05/0.29	0.34/0.29	0. <b>74/0.80</b>	
5. QUAL	4.80/4.31	1.71/1.60	0.00/0.15	0.07/0.10	0.20/0.16	0.23/0.35	0.73/0.85

Numbers on the diagonal show AVEs; numbers below the diagonal represent the squared inter-construct correlations (Study 1/Study 2)

Table 5: Summary of hypotheses testing

** ·		Study 1	Study 2		
Hypothesis		Hypothesis supported?		Hypothesis supported?	
$H_1: PBG \rightarrow CBI$	Yes	$\beta = 0.118,  p < 0.05$	Yes	$\beta = 0.289,  p < 0.001$	
$H_2: PBL \rightarrow CBI$	Yes	$\beta = 0.172,  p < 0.05$	Yes	$\beta = 0.479,  p < 0.001$	
$H_{3a}$ : PBG $\rightarrow$ CBI is stronger for <b>domestic</b> brands	Yes	$\beta_{foreign} =  0.041,  ns$ $\beta_{domestic} = 0.165,  p < 0.05$	Yes	$\beta_{foreign} = 0.126,  p < 0.05 \\ \beta_{domestic} = 0.278,  p < 0.01$	
$H_{3b}$ : PBL $\rightarrow$ CBI is stronger for <b>foreign</b> brands	Yes	$\begin{split} \beta_{\text{foreign}} &= 0.280,  p < 0.01 \\ \beta_{\text{domestic}} &= 0.176,  ns \end{split}$	No	$\begin{split} \beta_{foreign} &= 0.632,  p < 0.001 \\ \beta_{domestic} &= 0.372,  p < 0.01 \end{split}$	
Total effects: PBG $\rightarrow$ PINT		No significant direct effects; focus on indirect effects through CBI		$\begin{split} \beta &= 0.200,  p < 0.001 \\ \beta_{foreign} &= 0.281,  p < 0.001 \\ \beta_{domestic} &= 0.061,  ns \end{split}$	
Total effects: PBL $\rightarrow$ PINT		No significant direct effects; focus on indirect effects through CBI		$\begin{split} \beta &= 0.389, p < 0.001 \\ \beta_{foreign} &= 0.322, p < 0.001 \\ \beta_{domestic} &= 0.432, p < 0.001 \end{split}$	

Figure 1: Research Model



## **APPENDIX**

	Table A: Overview of empirical studies on consumer-brand identification						
Study	Journal	Relational Construct	Antecedent(s)	Consequence(s)	Mediators / Moderators	Key Finding(s)	
Brown, Barry, Dacin, & Gunst (2005)	JAMS	Consumer-retailer identification	Satisfaction  Consumer-retailer commitment	Word of Mouth intention Word of Mouth behavior	Brand commitment (mod/med)	Consumers' identification with a retailer increases intended and actual word of mouth transmission.  Brand commitment mediates the effects of consumer identification and increases the effects of satisfaction on word of mouth intentions and behaviors.	
Ahearne, Bhattacharya, & Gruen (2005)	JAP	Customer-company identification	Construed external company image  Perceived salesperson characteristics  Perceived company characteristics	Product use  Extra-role behaviors	Customer-company identification (med)	Salesperson and company image affect customer-company identification. Customers identified with the company are more likely to use the products sold by the company and engage in company citizenship behaviors (e.g. volunteering).	
Einwiller et al. (2006)	JAMS	Consumer-company identification	Exposure to negative publicity on the company  Extremity of negative publicity	Perceived favorability of information  Attitude and behavioral change	Consumer-Company Identification (mod)	Highly identified consumers perceive neutral information about the company more favorably, and display more favorable attitudes and behavioral intentions than non-identified consumers after receiving moderately negative information about the company.	
Carlson et al. (2008)	JBR	Brand identification	Identification with the brand  Identification with the brand community	Brand preference Willingness to attend brand events Word of mouth promotion Celebration of brand history	Psychological sense of brand community (med)  Brand Commitment (med)  Group membership (mod)	Consumers who identify with the brand and its community are more committed to the brand and thus more likely to prefer, promote, celebrate the brand and attend brand-related events.	
Lam, Ahearne, Hu, & Schillewaert, (2010)	JM	Consumer-brand identification	Perceived value of incumbent brand  Relative identification with the incumbent vs. the new brand	Possibility of switching to the new brand	NA	Consumer's identification with a brand decreases the likelihood of switching following the introduction of a new brand. The effects of identification outweigh the effects of perceived value over time.	

Stokburger-Sauer et al. (2013)	IJRM	Consumer-brand identification	Brand-self similarity Brand distinctiveness Brand prestige Brand social benefits Brand warmth Memorable brand experiences	Brand loyalty Brand advocacy	Consumer-brand identification (med)  Product involvement (mod)	Brand-self similarity, distinctiveness, social benefits, warmth and memorable brand experiences increase consumer-brand identification especially for high involvement categories. Consumer-brand identification increases loyalty toward the brand and likelihood of advocating for the brand.
Lam et al. (2013)	JAMS	Consumer-brand identification	Perceived brand quality  Self-brand congruity  Innate innovativeness	Consumer-brand identification  Consumer-brand identification growth	NA	Quality, self-brand congruity and innovativeness build consumer-brand identification.  Consumer-brand identification grows at a higher rate over time for brands with high self-brand congruity than for brands with high perceived quality or innovativeness.
Tuškej et al. (2013)	JBR	Consumer-brand identification	Value congruity	Positive word of mouth	Consumer-brand identification (med)  Affective brand commitment (med)  Compliance brand commitment (med)	Consumer-brand identification and commitment mediate the effects of value congruity on positive word of mouth.
Haumann et al. (2014)	JM	Customer-company identification	Customer satisfaction  Customer-company identification	Customer loyalty  Customer's willingness to pay	Relative competitive advertising (mod)	Both customer satisfaction and customer-company identification have positive effects on loyalty and willingness to pay but the effects of identification are more persistent over time and more resistant to competitive actions than the effects of satisfaction.
Elbedweihy, Jayawardhena, Elsharnouby, & Elsharnouby (2016)	JBR	Consumer-brand identification	Value congruence  Customer-to-customer similarity	Brand loyalty  Resilience to negative information	Brand attractiveness (med)  Consumer-brand identification (med)	Consumers tend to identify with brands bought by consumers they perceive as similar to themselves in order to self-verify.
Davvetas & Diamantopoulos (2017)	JBR	Consumer-brand identification	Regret	Repurchase intent Recommendation intent	Satisfaction (med)  Consumer-brand identification (mod)	Consumers regret less the purchase of brands which they identify with.

JAMS: Journal of the Academy of Marketing Science, JAP: Journal of Applied Psychology, JBR: Journal of Business Research, JM: Journal of Marketing, IJRM: International Journal of Research in Marketing

	Ta	able B: Overview of empiric	al studies on perceived brand globalnes	ss/localness		
Study	Independent variable(s)	Dependent variable(s)	Moderator(s)	Guiding theories	Focus	Country
Batra et al. (2000)	Perceived brand non-localness	Brand quality Brand attitudes	Admiration of EDC lifestyle Consumer ethnocentrism Susceptibility to normative influence Product category familiarity	Country of origin literature	Consumer brands	Emerging
Steenkamp et al. (2003)	Perceived brand globalness Perceived brand local iconness	Brand quality Brand prestige Brand purchase intention	Consumer ethnocentrism	International marketing literature	Consumer brands	Mature
Akram, Merunka, & Shakaib Akram (2011)	Perceived brand globalness	Brand quality Brand prestige Purchase intention	Consumer ethnocentrism	International marketing literature	Consumer brands	Emerging
Özsomer (2012)	Perceived brand localness Perceived brand local iconness	Brand quality Brand prestige Purchase likelihood	Country (mature vs. emerging) Product category Consumer age	Signaling theory Associative network memory model	Consumer brands	Both
Swoboda et al. (2012)	Perceived brand globalness Perceived brand localness	Functional value Psychological value Retail patronage	Retailer origin Global/local consumer identity	Accessibility-diagnosticity theory	Retailers	Emerging
Sichtmann & Diamantopoulos (2013)	Perceived brand globalness Perceived brand origin image	Brand quality Extension quality Purchase intention	NA	Signaling theory Categorization theory	Brand Extensions	Both
Xie et al. (2015)	Perceived brand globalness Perceived brand localness	Brand quality Brand prestige Identity expressiveness Purchase intention	NA	Social identity theory	Consumer brands	Emerging
Davvetas et al. (2015)	Perceived brand globalness	Willingness to pay Purchase intention	Consumer ethnocentrism Consumer cosmopolitanism Global/local consumer identity	International marketing literature	Consumer brands	Mature
Halkias et al. (2016)	Perceived brand globalness Perceived brand localness Country stereotypes	Brand attitude Purchase intention	Country stereotypes	Stereotype theory	Consumer brands	Mature
Swoboda & Hirschmann (2016)	Perceived brand globalness	Functional value Psychological value Loyalty	MNC origin Consumer ethnocentrism	Accessibility-diagnosticity theory Self-concept theory	MNCs	Both
Mohan, Brown, Sichtmann, & Schöfer (2018)	Perceived brand globalness Perceived brand localness	Exposure to loss by ally Information search cost reduction	Attitude toward globalization Buyer ethnocentrism	Signaling theory	B2B products	Both
This Study	Perceived brand globalness Perceived brand localness PBL×PBG interaction	Consumer-brand identification Purchase intention	Brand origin	Consumer culture theory Cue utilization theory	Consumer brands	Both

EDC: Economically developed countries, MNC: Multinational corporations, PBG: Perceived brand globalness, PBL: Perceived brand localness, NA: Not available

Table C. Robustness check 1: PBG×PBL latent variable interaction

	Study 1 (Austria)	Study 2 (Bulgaria)
Constrained model fit (interaction effect is set to zero)	$\chi^2 = 335.515$ , df = 223 RMSEA = .041, CFI = .978	$\chi^2 = 389.263$ , df = 223 RMSEA = .050, CFI = .975
Unconstrained model fit (interaction effect is freely estimated)	$\chi^2 = 328.920$ , df = 222 RMSEA = .040, CFI = .979	$\chi^2 = 377.516$ , df = 222 RMSEA = .048, CFI = .976
Model fit difference test	$\Delta \chi^2 = 6.595$ , df = 1, p = .010	$\Delta \chi^2 = 11.747$ , df = 1, p = .001
Interaction parameter estimate	$\beta = .152$ , $t = 2.484$ , $p = .013$	$\beta$ = .180, t = 3.328, p = .001
Main effect estimates  PBG → CBI  PBL → CBI	$\beta$ = .115, t = 1.868, p < .05 $\beta$ = .169, t = 2.622, p < .01	$\beta$ = .294, t = 5.347, p < .001 $\beta$ = .495, t = 8.113, p < .001

Table D. Robustness check 2: 3-Stage-Least-Squares (3SLS) endogeneity corrected results

	Study 1 (Austria)	Study 2 (Bulgaria)
Main effects on CBI		
PBG <sub>residual</sub>	.161*	.153*
PBL <sub>residual</sub>	.125*	.599***
Controls on CBI		
Brand quality	.393***	$.110^{*}$
Brand origin	$.059^{\rm ns}$	022 <sup>ns</sup>
Conditional effects PBG→CBI	.170*	.294***
Domestic brands	95% CI = [+.0220, +.3174]	95% CI = [+.1645, +.4250]
Foreign brands	009 <sup>ns</sup> 95% CI = [1716, +.1536]	.152* 95% CI = [+.0000, +.3030]
<i>PBL</i> → <i>CBI</i>		
Domestic brands	.142 <sup>ns</sup> 95% CI = [0129, +.2978]	.296*** 95% CI = [+.1524, +.4403]
Foreign brands	.265** 95% CI = [+.0749, +.4559]	.625*** 95% CI = [+.4772, +.7718]

<sup>\*\*\*</sup>p<.001, \*\*p<.01, \*p<.05, nsnon-signifineant, CI: Bias corrected and accelerated bootstrap confidence intervals

Table E. Robustness check 3: Half-split sample validation (endogeneity-corrected)

	Study 1 (Austria)	Study 2 (Bulgaria)
Main effects on CBI	N=159	N = 157
PBG <sub>residual</sub>	.219*	.206*
$PBL_{residual}$	.211*	.628***
<b>Controls on CBI</b>		
Brand quality	.349***	.067 <sup>ns</sup>
Brand origin	.027 <sup>ns</sup>	071 <sup>ns</sup>
Conditional effects PBG→CBI		
Domestic brands	.229* 95% CI = [+.0069, +.4520]	.294*** 95% CI = [+.1645, +.4250]
Foreign brands	.012 <sup>ns</sup> 95% CI = [1985, +.2218]	.152* 95% CI = [+.0000, +.3030]
$PBL \rightarrow CBI$		
Domestic brands	.248* 95% CI = [+.0098, +.4854]	.323*** 95% CI = [+.1445, +.5407]
Foreign brands	.357** 95% CI = [+.1018, +.6123]	.676*** 95% CI = [+.4487, +.9025]

<sup>\*\*\*</sup>p<.001, \*\*p<.01, \*p<.05, nsnon-signifinant, CI: Bias corrected and accelerated bootstrap confidence intervals

Table F. Robustness check 4: Effect structure with and without product category dummies

	Study 1 (	(Austria)	Study 2 (Bulgaria)		
Model paths	Without category dummies	With category dummies	Without category dummies	With category dummies	
$PBG \rightarrow CBI$	.141*	.124*	.294***	.303***	
$PBL \rightarrow CBI$	.169**	.169**	.495***	.489***	
$PBG \times PBL \rightarrow CBI$	.152*	.201**	.180***	.171**	
$CBI \rightarrow PINT$	.479***	.471***	.367***	.385***	
QUAL→ CBI	.405***	.483***	.119*	.125*	
$QUAL \rightarrow PINT$	.236***	.379***	.455***	.448***	
	$\chi^2 = 328.920$	$\chi^2 = 700.012$	$\chi^2 = 377.516$	$\chi^2 = 706.906$	
M - 1-1 C4	df = 222	df = 300	df = 222	df = 300	
Model fit	RMSEA = .040	RMSEA = .067	RMSEA = .048	RMSEA = .067	
	CFI = .979	CFI = .927	CFI = .976	CFI = .940	