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**The “Indie” Premium: How Independent Firms Create
Product Value across Cultures**

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Keywords:	Independent firms, authenticity, warmth, individualism, Collectivism

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The “Indie” Premium:
How Independent Firms Create Product Value across Cultures

Structured Abstract

Purpose: Although firm growth through the acquisition of independent players is at record high, market reports reveal a parallel increase in independent firms that enjoy noticeable consumer support across industries and threaten MNC-owned brands in several countries. Despite this evident contrast, no research has investigated how independent firms stack up against their non-independent counterparts from a consumer perspective. We examine this standoff and propose that independent firms outperform their non-independent contenders in fostering perceptions of product craftsmanship and warmth in specific product categories and cultures.

Design/methodology/approach: We conduct three experimental studies across five countries (Study 1: N=360; USA and China – Study 2: N=487; UK and India – Study 3: N=323; Italy). Data were analysed with experimental techniques (Analysis of Variance) and conditional process analyses (Moderated Mediation) using PROCESS.

Findings: The findings suggest that (1) firm independence fosters perceptions of product craftsmanship and warmth in individualistic cultures, (2) consumers view products sold by independent firms as warmer and more authentic than products sold by non-independent firms in hedonic but not in utilitarian product categories, (3) the positive effects of firm independence on product craftsmanship and warmth are neutralized for vertically collectivist cultures (India) and reversed in horizontally collectivist cultures (China), (4) loss of firm independence leads to higher drops in perceived craftsmanship and product preference when it is caused by a takeover from a foreign multinational (compared to a domestic corporation).

Originality/value: Our research provides a first account of how perceptions of firm independence drive assessments of product craftsmanship and authenticity, elicit feelings of warmth and build product preference. Our findings inform decisions of multinational corporations regarding (1) how to communicate the acquisition of independent firms in local markets, (2) how to balance an international brand portfolio in culturally diverging markets and different product industries, (3) how to optimize brand architecture through the relative exposure of the corporate brand image vis-à-vis the image of standalone brands owned by the corporation, and (4) offer smaller independent players an alternative positioning strategy to differentiate from global competitors enjoying the resources or support of bigger corporations.

Keywords: independent firms, authenticity, warmth, individualism, collectivism

Type: Research paper

1. Introduction

Globalization has created a marketplace of complex realities. On the one hand, small, independent firms have become acquisition targets of big corporations as means toward the end of international firm growth. Despite fading prospects for globalization (Witt, 2019), this trajectory has not reversed as shown by the record number of global mergers and acquisitions exceeding 3 trillion USD in 2017, up 40% to decade (Financial Times, 2018a). Although much is known about the benefits corporations enjoy by buying out smaller players within or outside national borders (e.g., access to foreign markets, acquisition of proprietary knowledge, synergies, diversification – DePamphilis, 2010), disproportionately less is known regarding a parallel increase in demand for products sold by firms that strategically position themselves as “independent” and openly reject multinationals’ acquisition calls.

Data from the UK retailing sector indicate that over the last years there has been a significant increase in independent retail stores at a time when big international and national chains face declining numbers (British Independent Retailers Association, 2017). The growing appeal of independent stores is also evidenced by the increased use of hashtags like #shopindie, #supportindie, #buyindie, #indiebrands in the Twittersphere and by the emergence of online platforms (www.indieretail.uk) and events (e.g., Independents’ Day, annual best small shop competitions) promoting indie retailers. In the hospitality industry, the revenue premiums of chain-affiliated hotels over independent hotels have declined by over 50% between 2000 and 2015 (Hollenbeck, 2018). In the FMCG sector, multinationals face increasing pressure by independent market players that threaten their growth potential (Financial Times, 2018b). Recent data suggest that the pandemic’s blow was less severe for independent businesses than for big chains not only because of the formers’ strategic agility and decreased cost base but also because of consumers’ shift towards local, independent, and ethical alternatives (Financial Times, 2020). Managerial reports from the beauty industry

suggest that revived demand for independent products “*which continue to drive innovation in the market*” represents one of the most important trends that the industry “*has rightly been focused on understanding*” (Nielsen, 2018: p. 10-11). Market research reports suggest that (1) 65% of consumers try to help small businesses, (2) support for independently owned businesses exceeds 70% in the US, New Zealand, and Australia, (3) the share of consumers that *actively* look for independently owned businesses reaches unprecedented numbers around the world with Spain (64%), Australia (55%), and US (50%) leading in indie demand, while (4) 37% of consumers that have shopped with an independently owned business since the start of the pandemic say that they are likely to do so more often in the future (Global Data, 2021; Shopify, 2021). From service industries, such as bookstores and cafés, to tangible products such as clothing and hardware equipment, and from born-global fashion microbrands promoted through social media to traditional brick and mortar shops, several firms use their independence from big market players as the cornerstone of their path-to-market strategy and sense of identity (Bloomberg, 2018).

Despite these compelling signs, academic research has been scarce about how *consumers* evaluate independent firms and their products in comparison to firms owned and controlled by bigger corporations. Although prior research has speculated that consumer perceptions of previously independent firms following their takeover by an acquirer is critical in explaining acquisition failure (Heinberg *et al.*, 2016; Homburg and Bucerius, 2005), there is a dearth of empirical studies focusing on the demand-side consequences of brand independence. An overview of related work (see Table 1) reveals that the majority of contributions in this area focus on the impact of mergers and acquisitions on the brand images of acquired and acquirer firms. Most of these studies investigate the topic through a country-of-origin (COO) perspective and pivot around how consumers react to changes in a brand’s ownership status following its takeover by a corporation with a superior or inferior COO image (Herz and

Diamantopoulos, 2017; Johansson *et al.*, 2018; Lee *et al.*, 2011; Lee *et al.*, 2014; Zhang *et al.*, 2019). Others focus on the ethical implications of takeovers and their impact on the acquired firm's social responsibility (Chun, 2016; McEachern, 2015). Although a few qualitative studies hint at a brand's loss of independence as an authenticity threat (Cova *et al.*, 2015; Garavaglia and Swinnen, 2017), there has been no empirical test of these claims nor efforts to approach a firm's independence as a central concept explaining these findings.

Insert Table 1 here

Investigating why consumers turn to independent products is a question of high relevance for international marketing scholarship and practice. First, independent firms represent strong competitive threats for global brands (Global Data 2021; Nielsen 2018; Shopify 2021); thus, understanding the "indie" phenomenon and the psychological mechanisms that underly it is a trend that international marketers cannot afford to ignore. Second, until recently, independent firms have been usual acquisition targets of MNCs due to their inability to find viable strategies to deal with global competitive pressure because of limited mass market appeal and the dominance of global brands (Steenkamp *et al.*, 2003). As demand for indie products increases, MNCs' investments in acquisitions of independent brands becomes riskier as it leads to unintended consequences such as losses in customer satisfaction (Umashankar *et al.*, 2022). Third, indie firms often build their identity around local associations, which regain relevance due to fading globalization prospects and consumers' shift towards authenticity seeking (Cleveland and McCutcheon, 2022; Bartsch *et al.*, 2021; Witt, 2019).

Against this background, the present research investigates how independent firms are perceived vis-à-vis their non-independent (i.e., controlled, owned, or assisted by another market player) counterparts. We argue that consumers' preference for firms positioned as independent is explained by beliefs that the products marketed by these firms are more

authentic (in the sense of quality standards and craftsmanship) and warmer (in terms of perceived caring and affection) compared to products marketed by firms owned by bigger corporations. Moreover, we propose that preference for independent vs. non-independent firms' products is moderated by the product type and country culture. We test our predictions in three experimental studies ($N_{\text{total}} = 1170$) across five countries of varying levels of individualism/collectivism (USA, UK, Italy, China, India) and five product categories (i.e., cosmetics, apparel, sweet snacks, detergents, appliances) that differ in terms of utilitarian/hedonic character. The results support the hypotheses and paint a complex pattern of independent vs. non-independent firm preference which is (1) determined by the interplay between firm independence, culture, and product type and (2) threatened more by indie firms' takeovers from multinationals than by domestic corporations.

From a theoretical standpoint, our findings contribute to an emerging field of international branding research focused on cross-cultural consumer responses to marketplace power structures manifested in the competition between smaller firms and resourceful major players. Additionally, we shed some light to the recent success of independent firms competing against established market players and the contingencies of this phenomenon. From a managerial perspective, our findings show that the consequences of pursuing an "independence" positioning are beneficial for hedonic product categories and individualistic cultures but neutralize – and even backfire – in collectivist cultures and utilitarian categories. Finally, our findings assist decisions related to (1) competitive strategy for firms facing pressures from big market players, (2) brand architecture of multinational corporations that internationalize through local brand acquisitions, and (3) positioning and communication strategies for independent firms, domestic acquirers, and foreign multinationals.

2. Conceptual Background and Research Hypotheses

2.1. Defining independence

The concept of independence has relevance in several contexts, with its meaning varying slightly in different domains. The formal definition of *independent* is somebody who is not subject to control by others or affiliated with a larger unit; someone not relying on others for care or livelihood; or one showing a desire for freedom (Merriam Webster Dictionary 2021). Although the former seems to be the most suitable in business context, non-reliance to others and longing for freedom often partake in perceptions of independent firms. Despite their shared challenges (e.g., limited access to finance, unfair competitive pressures from big players, difficulty in attracting human talent), independent companies enjoy the upsides of financial self-reliance, creative freedom, and managerial autonomy (ILSR, 2019).

In light of the above, we define an independent firm as one which is not owned by, controlled from, or assisted with the resources of another business entity. By extension, we define a non-independent firm as one which does not have full control over its financial decisions, managerial processes, or corporate policies as a consequence of being formally owned by, financially reliant on or operationally managed by another firm. Examples of independent firms include Hotel Chocolat, a British company in the confectionary sector, or Patek Philippe, a highly-respected watch manufacturer which has remained fully independent despite the proliferation of multinationals and in the global luxury watch industry. In contrast, Cadbury (currently fully owned by the Mondelez group) or Cartier (which falls under the ownership of the Richemont group) represent cases of non-independent brands.

Although literature on how independent firms are perceived by consumers is not abundant in marketing context, the notion of independence is prominent in entertainment industries with a dedicated genre of music and film-making being labelled as “indie”.

Relevant literature in this area associates “indie” entities with qualities such as autonomy, artistic integrity, unconventional creativity, political protest against the mainstream, challenge of the status quo and demonization of aesthetic compromise for profit-seeking (Corciolani, 2014; Hesmondhalgh, 1999; Newman, 2009). Although these perceptions apply to artistic creations, it is unclear if they are also credited to brands outside the cultural domain.

2.2. Consumer perceptions of independent vs. non-independent firms' products

2.2.1. Firm independence and perceived product authenticity

The modern consumer society, especially in the post-WWII era, focused on mass production and consumption. Nowadays, consumers consider uniqueness as a key element when making purchase decisions (Bartsch *et al.*, 2021). Consumers prefer products and brands that appear autonomous (Warren and Campbell, 2014) and able to convey such distinctiveness through their brand identity and personality (Aaker, 1997). Autonomy is especially valued by consumers when it is perceived to be an authentic reflection of the values on which the company was established (Biraglia and Brakus, 2015) or a genuine commitment to maintain the quality of the products by not compromising production methods or ingredients in favour of a cheaper, mass-produced orientation (Napoli *et al.*, 2014). When it comes to production standards, consumers are very sensitive in their authenticity judgements. Even minimal changes such as knowing that a product is not manufactured in the original factory, may make consumers rate it as inauthentic and pay less for it (Newman and Dhar, 2014).

Additionally, when a product is perceived to be mass-marketed, consumers doubt the capability of the firm to maintain high quality standards (Beverland, 2006). For example, consumers respond negatively to the machine production of goods traditionally made by hand (Fuchs *et al.*, 2015) or, more generally, see mass production as inauthentic due to the adulteration of the quality standards (Silver *et al.*, 2021). These negative judgements are

exacerbated when consumers know – or think – that a company is not independent (Frake, 2017), as not being in control may signal carelessness and lack of quality commitment.

Research on brand community reactions to a brand's loss of independence following a takeover by another corporation corroborate the link between independence and authenticity. For British consumers, Cadbury's authenticity was hurt following its takeover by Kraft (McEachern 2015). In the craft beer industry, acquisitions of independent craft beer brands by multinationals are perceived by craft beer enthusiasts as punishable departures from brands' authentic origins (Garavaglia and Swinnen, 2017). The Alfistis (i.e., the community of loyal Alfa Romeo fans who engaged with the brand as coproducers of brand initiatives) considered the loss of the brand's independence to its acquirer (Fiat) a blow to the brand's true spirit and genuineness (Cova *et al.*, 2015).

Thus, we expect that products marketed by firms not abiding by an external controller's motives in an effort to exploit market trends should be seen as more authentic in the sense of being committed to their artisanship and exhibiting passion for craft, manufacturing excellence and aversion to mass industrialization (Beverland, 2005).

2.2.2. Firm independence and perceived product warmth

Another mechanism through which independent firms are expected to increase product value is the warmth pathway. The notion of warmth in relation to products has been conceptualized in different ways in marketing research. One approach draws from stereotype theory and proposes warmth as one of the two central dimensions along which individuals construct social stereotypes about human (Fiske *et al.*, 2002) or non-human entities such as brands (Halkias and Diamantopoulos, 2020). According to this approach, warmth is defined as the perceived favourability of an entity's intentions, such that an entity with positive intentions is perceived as warm, while one with negative intentions as cold. The second approach is more

common in consumer-brand relationships literature and focuses on the feelings of caring, intimacy, love and affection associated with consumers' identification with particular brands or material possessions (Fournier, 1998; MacInnis *et al.*, 2014). Although we use the latter approach in this research, both approaches connect warmth to positive brand outcomes.

We expect that independent firms' products are perceived as warmer than non-independent firms' products. Independent businesses are seen as more committed to product quality and less profit-hungry than companies controlled by other corporations. Oftentimes independent companies comprise small medium enterprises or family businesses which are not motivated by the willingness to accumulate wealth (i.e., the purpose many non-independent companies serve for the corporations controlling them) but rather by the need to make a living or a passion for their artisanship (e.g., coffee-making, beer-brewing, bookbinding). Psychological research shows that people hold negative beliefs about profit, and, consequently, negative attitudes for profit-seeking entities (Bhattacharjee *et al.*, 2017). Individuals follow intention heuristics which associate profit with greed, excessive self-interest, and immorality. For instance, Chun (2016) reports that loyal Body Shop consumers associated the brand's takeover from L'Oréal with drops in the brand's moral standards and social responsibility. Similarly, commitment to craftsmanship is associated with warm emotions. For instance, handmade products – a typical case of products sold by independent firms – are preferred because they are seen as made with love (Fuchs *et al.*, 2015).

Second, non-independent firms are seen as holding (sometimes unfairly) higher market power than independent firms. Such power concentration can be used by these firms to the disadvantage of smaller independent companies (e.g., use of competitive tactics such as short-term below-cost pricing that a less resourceful contender would be unable to cope with). 40% of independent business owners report that increasing market concentration and excessive mergers/acquisitions in their industry “are creating an unfair playing field” and

1 threatening their survival (ISLR, 2019; p.12). Market concentration ultimately comes at the
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threatening their survival (ISLR, 2019; p.12). Market concentration ultimately comes at the expense of consumers themselves as it restricts choice and leads to monopolistic conditions. In their effort to restore marketplace fairness, consumers politicize their product purchases and turn to “underdog” brands who are disadvantaged in terms of size or resources, yet passionate and determined (Paharia *et al.*, 2010; Paharia *et al.*, 2014). Essentially, consumers perceive the intentions of independent firms as aligned with their own and see their success as some sort of vested interest. Seen as means of satisfying this self-interest, products of independent firms are perceived as carriers of warmer feelings.

Finally, independent firms usually build their value around community support and nostalgic fulfilment. Independent firms are perceived by consumers of a particular region as carriers of a special (oftentimes spatially defined) identity which is reinforced through product purchase. Especially for independent firms transcending several generations, their products evoke nostalgic feelings because of their participation in autobiographical memories and cross-generational experiences (Stockburger-Sauer *et al.*, 2012). These product meanings minimize the psychological distance between the product and the self (Heinberg *et al.*, 2020), ultimately making the possessor-possession association warmer and more affectionate.

As both perceived product authenticity (Napoli *et al.*, 2014) and warmth (Davvetas and Halkias 2018) are well known to affect product preference, we hypothesize:

H1. Perceptions of (a) product authenticity and (b) product warmth mediate the positive effects of firm independence on purchase intentions.

2.3. Independent vs. non-independent firms in utilitarian vs. hedonic product categories

Firms aim to establish to establish a clear positioning to differentiate themselves from competitors. In doing so, companies highlight the core benefits of their products around a set

of emotional and hedonic attributes (i.e., how consumers gain pleasure or happiness through product use) or around practical and functional attributes (i.e., how consumers may gain practical value through product use – Park *et al.*, 1986). As hedonic products and services fulfil purposes related to the experiential aspect of consumers' lives, they also tend to be used by individuals as elements to express their identities (Okada, 2005). For example, consumers may share the pictures from the latest concert they attended or the images of a scrumptious dish in a sophisticated restaurant to show others part of their selves (Moulard *et al.*, 2016). Conversely, consumers may not embrace utilitarian product and services in their identities since these fulfil attributes related to functionality rather than self-expression. Individuals rarely define themselves by showing their Hoover or the tinned food they eat to save time. In hedonic domains, therefore, being independent may constitute a powerful identity benefit. As independence denotes the capacity of maintaining control on production standards, brands can leverage on independence and passion as strong signals of the firm's commitment to maintain its quality standards unaltered (Beverland, 2009). While the commitment to quality and high standards is important in all product categories, research has shown that consumers tend to care more about the vocation a company has towards craftsmanship and quality in categories where the primary benefit is affective or sensory pleasure (Nunes *et al.*, 2021). Thus, a firm producing hedonic goods may be seen as more genuinely intentioned to express such quality commitments through being independent than a firm producing utilitarian goods.

Similarly, products with hedonic characteristics better capture consumers' affective experience than products with utilitarian ones (Mano and Oliver 1993). Hedonic products leverage consumers' emotional components and trigger more emotive responses (Kempf, 1999). Prior research suggests that consumers respond more positively to marketing cues when these are congruent with the utilitarian or hedonic benefits associated with the product class. For instance, COO research shows that a country's perceived warmth plays a stronger

role in product evaluations for hedonic than for utilitarian products (Chattalas *et al.*, 2008). Similarly, Chandon *et al.* (2000) find that the effectiveness of non-monetary (i.e., hedonic) sales promotions is higher for products intended to provide hedonic benefits such as exploration and value expression. In our context, firm independence represents a product attribute which is more strongly associated with hedonic benefits (e.g., self-expression) than with utilitarian ones (e.g., convenience). Thus, we hypothesize:

H2. Product category moderates the indirect effect of firm independence on purchase intentions though perceived product authenticity and warmth. Firm independence has a positive effect on purchase intentions through (a) perceived product authenticity and (b) perceived product warmth in hedonic product categories but not in utilitarian ones.

2.4. Independent vs. non-independent firms in collectivist vs. individualistic cultures

We expect that consumers differ in their responses to independent and non-independent firms' products on the basis of cultural variables. One such variable is the degree of a culture's individualism vs. collectivism (Hofstede, 2001). Individualistic cultures value self-reliance, independence, individual achievement and accept social behaviour driven by one's personal goals while collectivist societies value relationships with others, interdependence, cooperation and prescribe social behaviour aligned with social norms (Triandis *et al.*, 1988). Typical individualistic cultures include Western countries (e.g., USA, Western Europe), whereas typical collectivist cultures include Middle Eastern and Asian countries (e.g., China).

Authenticity inferences consumers make for products made by independent firms are expected to differ between individualistic and collectivist cultures. First, individualistic countries ascribe importance to being true to one's self, appreciate each individual's unique wants and needs, and respect the individual's ability to express their personal opinion (Fiske

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3 *et al.*, 1998). Uniqueness, originality, and unconstrained self-expression are qualities central
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5 to the assessment of authenticity, thus making organizations uncontrolled by others more
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7 strongly associated with authenticity in individualistic compared to collectivist cultures.
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10 Second, independent firms differ from non-independent ones in the level of external
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12 control they have to abide by and the constraints such control imposes to original expression,
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14 craftsmanship and product originality. From a psychological perspective, control is seen in
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16 different ways across cultures. Individualistic cultures perceive control in a negative way
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18 because it restricts individual expression while collectivist cultures perceive control as a force
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20 for good and a manifestation of caring and in-group protection. Control has been found to
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22 come at the cost of decreased creativity (Nemeth and Staw, 1989), while research in group
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24 creativity has shown that individualistic groups perform better in creative tasks than
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26 collectivist groups (Goncalo and Staw, 2006). From a managerial perspective, parent
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28 corporations often put constraints in non-independent firms and limit their authenticity in
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30 order to shape a more mass-appealing product. This is particularly the case for independent
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32 firms taken over by multinationals where pressure for cost-saving standardization and
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34 maximization of global market appeal often hurt product authenticity (Özsomer, 2012).
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40 Finally, non-independent firms have to conform to rules imposed by the firms that
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42 control them. However, how consumers respond to conformity is also culturally dependent
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44 (Bond and Smith, 1996). In individualistic cultures, non-conformity to rules is positively
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46 perceived as an act of uniqueness while adherence to norms as oppression; inversely, in
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48 collectivist cultures conformity is seen as social harmony while non-conformity is usually
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50 negatively viewed as deviance (Kim and Markus, 1999). Consequently, consumers from
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52 individualistic cultures are expected to perceive a firm's control by a third entity as a stronger
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54 threat to product authenticity compared to consumers from collectivist cultural backgrounds.
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Beyond authenticity, culture should affect the warmth associated with independent and non-independent products. Collectivist cultures are more receptive to subordinating personal goals to collective ones. This is the case not only for groups based on personal ties (e.g., family, tribe) but also for professional groups (e.g., workplace) (Triandis *et al.*, 1988). Consequently, for collectivist cultures, ownership by a bigger organization would not necessarily be seen in a negative manner or result in malevolent and exploitative inferences. Moreover, collectivist cultures assign more importance to vertical relationships (e.g., father-son, supervisor-supervisee) than to horizontal relationships (e.g., relationships between siblings or co-workers) compared to individualistic cultures (Mills and Clark, 1982). The control of a firm by another organization represents a vertical relationship, which should be more socially accepted (and, thus, evoke less negative emotion) in collectivist countries.

Especially in vertical collectivist cultures (i.e., traditionalist cultures valuing cohesion and respect for authority) as compared to horizontal collectivist cultures (i.e., cooperative cultures emphasizing empathy and sociability), concepts such as respect for a higher authority, strict adherence to rules, and acceptance of power norms are highly valued (Triandis and Suh, 2002). Hence, consumers from these cultures should rely less on negative intention heuristics or activist behaviour against non-independent firm products as means of restoring marketplace unfairness, because their tolerance to vertical power structures is embedded in their cultural genome. Thus, we hypothesize:

H3. Culture moderates the indirect effect of firm independence on purchase intentions through perceived product authenticity and warmth. Firm independence has a positive effect on purchase intentions through (a) perceived product authenticity and (b) perceived product warmth in individualistic cultures but not in collectivist ones.

Insert Figure 1 here

3. Study 1

Study 1 tests the conceptual model in two countries which are prototypical examples of individualistic (USA) and collectivist (China) cultures.

3.1. Research design

We conducted a 2 (firm type: independent vs. non independent) × 2 (product type: utilitarian vs. hedonic) × 2 (culture: collectivist vs. individualistic) between-subjects experiment. We recruited 159 respondents from China (61.6% females, $M_{age}=23.3$, $SD=3.24$) and 201 respondents from the USA (50.2% females, $M_{age}=39.8$, $SD=11.44$) ($N_{total}=360$). Through the use of an online platform, we presented our respondents a fictitious firm called V&K. Respondents within each country sample were randomly allocated to one of four experimental conditions. Depending on their allocation, respondents read that the firm “*was controlled by a major corporation*” (non-independent condition) or not (independent condition) and that it manufactures and sells cosmetics (hedonic condition) or house detergents (utilitarian condition) (see Appendix).

Following the manipulation, we recorded responses on a 3-item measure adapted from Napoli and colleagues (2014) to assess perceived product authenticity. Participants also assessed their perceived product warmth by completing two items. Participants then filled a two-item measure of purchase intention. Subsequently, participants completed the manipulation check items: two items checked for the independence or non-independence of the company (“V&K is an independent firm”, “V&K is controlled by a big corporation” – reverse coded; $r = .87$), one attention check testing whether respondents correctly understood the product the company manufactures, and two items (adapted from Berger and Heath, 2007) capturing whether the product categories were indeed perceived as hedonic or utilitarian following a given definition of both concepts (“Hedonic means that you can active

enjoy and feel happiness through it.”, “Utilitarian means that you can active practical benefits through it.”). All items were translated and back-translated in Chinese for the China sample. Finally, respondents were thanked for their participation in the study and debriefed. An overview of scales and their psychometric properties across studies is shown in Table 2.

Insert Table 2 here

3.2. Analysis and results

3.2.1. Manipulation checks

We tested the success of the independence manipulation using a composite of the two manipulation check items. Respondents exposed to the independent condition reported a significantly higher mean than respondents in the non-independent condition ($M_{\text{independent}}=6.58$, $SD=.94$ vs. $M_{\text{non-independent}}=2.02$, $SD=1.52$; $t(358)=33.71$, $p<.001$). Within country sample tests show that the manipulation was successful for both Chinese and US samples. Additional checks using a difference measure of the two items capturing utilitarian and hedonic product benefits (higher numbers indicate prominence of utilitarian benefits) reveal that respondents perceived detergents as a more utilitarian product category than cosmetics ($M_{\text{detergent}}=2.44$, $SD=2.53$ vs. $M_{\text{cosmetics}}=-.20$, $SD=2.41$; $t(358)=10.15$, $p<.001$). Results are consistent across country samples. Thus, all manipulations were successful.

3.2.2. Construct measurement and invariance testing

We conducted a Confirmatory Factor Analysis (CFA) to assess the psychometric properties of our multi-item scales. The results show satisfactory model fit ($\chi^2=31.96$, $df=11$, $p=.001$, $RMSEA=.073$, $CFI=.987$, $SRMR=.046$). All loadings are significant and within acceptable thresholds. Cronbach's alphas (α), Composite Reliabilities (CR) and Average Variances Extracted (AVE) are also satisfactory and exceed conventional thresholds. Within-

country analyses indicate the stability of the measurement model and satisfactory psychometric properties across separate country samples. We also tested for discriminant validity across all construct pairs by comparing the fit of models which pooled the items under a single latent factor and models that allocated items to their (freely correlated) prespecified latent factors. In all instances, the latter models showed significantly better fit to the data, establishing discriminant validity. Finally, we tested for measurement invariance of the multi-item scales by constraining factor loadings to equality between country samples and comparing the corresponding fit statistics with those of the unconstrained model (Steenkamp and Baumgartner, 1998). The results indicate partial invariance due to the non-invariant items AUTH3 and WARM2. However, allowing these items to be freely estimated across countries leads to non-significant differences between the constrained and the unconstrained models, implying that the remaining scale items are invariant (Table 2).

3.2.3. Experimental Analysis

A 3-way ANOVA on perceived product authenticity with firm type (independent vs. non-independent), product category (detergents vs. cosmetics), country (USA vs. China) and all the corresponding interactions as independent variables reveals a non-significant main effect of firm type. In the pooled country sample, independent firm products are perceived as more authentic than non-independent ones however this difference is not statistically significant. ($M_{\text{independent}}=4.92$, $SD=1.19$ vs. $M_{\text{non-independent}}=4.76$, $SD=1.30$; $F(1;352)=.400$, $p=.528$). On the contrary, all three two-way interactions between any pair of the manipulated conditions were significant (product category \times firm type: $F(1;352)=3.59$, $p<.05$; country \times firm type: $F(1;352)=15.37$, $p<.001$; country \times product category: $F(1;352)=5.789$, $p<.05$).

Breaking down the firm type by product category interaction using planned contrasts shows that in the hedonic product category (cosmetics), independent firm products are

perceived as more authentic than non-independent ones ($M_{\text{independent}}=4.97$, $SD=1.19$ vs. $M_{\text{non-independent}}=4.62$, $SD=1.19$; $t(182)=1.94$, $p=.054$). In the utilitarian category (detergents), no significant differences in authenticity were found ($M_{\text{independent}}=4.87$, $SD=1.19$ vs. $M_{\text{non-independent}}=4.91$, $SD=1.39$; $t(174)=-.22$, $p=.828$). Breaking down the firm type by country interaction using planned contrasts shows that Chinese (collectivist) respondents perceived independent firm products as less authentic than non-independent ones ($M_{\text{independent}}=4.64$, $SD=1.11$ vs. $M_{\text{non-independent}}=5.04$, $SD=1.21$; $t(157)=-2.13$, $p=.034$), while the opposite is observed for US (individualistic) respondents ($M_{\text{independent}}=5.17$, $SD=1.21$ vs. $M_{\text{non-independent}}=4.58$, $SD=1.32$; $t(199)=3.29$, $p=.001$). The 3-way interaction was not significant.

Turning to warmth, a 3-way ANOVA on perceived warmth reveals a significant main effect of firm type. In the pooled country sample, independent firm products are perceived as significantly warmer than non-independent ones ($M_{\text{independent}}=5.07$, $SD=1.23$ vs. $M_{\text{non-independent}}=4.73$, $SD=1.31$; $F(1;352)=9.583$, $p=.002$). The firm \times product category interaction is also significant ($F(1;352)=8.775$, $p=.003$). Planned contrasts indicate that in the hedonic product category (cosmetics), independent firm products are perceived as warmer than non-independent ones ($M_{\text{independent}}=5.15$, $SD=1.11$ vs. $M_{\text{non-independent}}=4.48$, $SD=1.29$; $t(182)=3.80$, $p<.001$). However, in the utilitarian product category (detergents), no significant differences in warmth were observed ($M_{\text{independent}}=4.99$, $SD=1.33$ vs. $M_{\text{non-independent}}=5.01$, $SD=1.28$; $t(174)=-.08$, $p=.933$). Notably, within the non-independent condition, those exposed to the utilitarian category perceived the product as significantly warmer than those exposed to the hedonic product category ($M_{\text{hedonic}}=5.01$, $SD=1.28$ vs. $M_{\text{utilitarian}}=4.48$, $SD=1.29$, $t(166)=2.67$, $p=.008$). The firm \times culture interaction is not significant ($F(1;352)=.001$, $p=.973$); both Chinese and US respondents perceived independent firm products as significantly warmer than non-independent ones (Chinese sample: $M_{\text{independent}}=4.63$, $SD=1.14$ vs. $M_{\text{non-independent}}=4.62$, $SD=1.19$; $t(182)=1.94$, $p=.054$).

independent=4.20, SD=1.24; $t(157)=2.23$, $p=.027$ – USA sample: $M_{\text{independent}}=5.48$, SD=1.16 vs. $M_{\text{non-independent}}=5.08$, SD=1.24; $t(199)=2.34$, $p=.02$). The 3-way interaction was not significant.

3.2.4. Moderated mediation analysis

To formally test our hypotheses, we conducted two moderated mediation analyses (PROCESS Model 7; Hayes, 2013; 5000 resamples) to assess the downstream effects of firm type on purchase intention through perceived product authenticity and warmth across categories and cultures. The results provide support for the moderating effect of product category on product warmth but not on authenticity ($\beta_{\text{AUTH_interaction}}=-.384$, ns, Moderated mediation index [MMI]: 95%CI=[-.4177; +.0424]; $\beta_{\text{WARM_interaction}}=-.689$, $p<.01$, MMI: 95%CI=[-.3751; -.0363]), and the moderating effect of culture on product authenticity but not warmth ($\beta_{\text{AUTH_interaction}}=.984$, $p<.001$, MMI: 95%CI=[+.1984; +.6664]; $\beta_{\text{WARM_interaction}}=-.028$, ns, MMI: 95%CI=[-.1399; +.1155]). In the hedonic product category, an independent (compared to a non-independent) firm image has a positive effect on purchase intentions mediated through both authenticity (95%CI=[+.0052; +.3148]) and warmth (95%CI=[+.0597; +.3209]). However, the mediating effects collapse in the utilitarian category (Authenticity: 95%CI=[-.1919; +.1390]; Warmth: 95%CI=[-.1093; +.0896]).

Regarding culture, for individualist cultures (USA), an independent (compared to a non-independent) firm image has a positive effect on purchase intentions mediated through both authenticity (95%CI=[+.1047; +.4234]) and warmth (95%CI=[+.0205; +.2197]). However, the authenticity effect is reversed for the collectivist sample (China) where a conflicting mediation is observed (Zhao *et al.*, 2010). Specifically, an independent (compared to a non-independent) firm image has a positive indirect effect on purchase intentions mediated through warmth (95%CI=[+.0155; +.4448]) in parallel with a negative indirect effect mediated through authenticity (95%CI=[-.3365; -.0153]). A formal z-test comparing the

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3 strength of the two effects in the Chinese sample ($z_{\text{diff}} = .319$, $p = .750$) indicates that they are
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5 of statistically equal size (i.e., they cancel each other out), leading to a null total effect of
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7 independence on purchase intention. Conditional indirect effects are presented in Table 3.¹
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10 Insert Table 3 here
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15 3.3. Discussion

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17 Study 1 finds that products sold by independent firms are perceived as warmer for both
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19 individualistic (US) and collectivist (Chinese) consumers. Independent firm products have an
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21 advantage in product categories which satisfy hedonic needs but not in categories where
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23 functionality is the primary consumer benefit. Importantly, the beneficial perceptions
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25 consumers ascribe to independent firm products in terms of authenticity and craftsmanship in
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27 individualist countries is reversed for collectivist consumers who are found to perceive non-
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29 independence as a stronger authenticity assurance.
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35 4. Study 2

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37 The objective of Study 2 is to (1) assess the replicability of Study 1 findings in a new pair of
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39 individualistic-collectivist country cultures and a new set of utilitarian-hedonic product
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41 categories, (2) test the robustness of the effects using additional construct operationalizations
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43 and (3) rule out alternative explanations.
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47 In Study 2, we use samples from the United Kingdom (individualistic culture) and India
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49 (collectivist culture). The selection of these countries was based on the following criteria.
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51 First, we opted for countries whose cultural profile resembled the US-China pair used in
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53 Study 1 to rule out other cultural values to which results could be attributed. An overview of
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59 ¹ We also tested our model by estimating the effects of the two moderators simultaneously using PROCESS
60 Model 9 (Hayes, 2013). The results remain consistent (available upon request).

these countries' cultural profiles shows that UK and India are very similar in terms of the five Hofstede's dimensions to the US and China respectively (see: <https://www.hofstede-insights.com>). Second, we opted for countries that resembled those used in Study 1 in terms of economic development. Both USA and UK represent typical examples of developed markets while China and India are typical examples of developing markets. Finally, we selected India as the collectivist culture in this study to capture the distinction between horizontal and vertical collectivism. Horizontal collectivist cultures (e.g., China) tend to emphasize values stemming from beliefs of equality among members of the collective such as empathy, sociability, and cooperation while vertically collectivist cultures (e.g., India) tend to apprehend "harder" values such as strict adherence to norms, authority, and hierarchical directives (Triandis and Gelfand, 1998). This distinction should influence how independence is perceived among countries which display these different nuances of collectivism.

4.1. Research design

We conducted a 2 (firm type: independent vs. non independent) \times 2 (product type: utilitarian vs. hedonic) \times 2 (culture: collectivist vs. individualistic) between-subjects experiment. We recruited 252 respondents from India (31% females, $M_{age}=31.60$, $SD=7.61$) and 235 from the United Kingdom (73.2% females, $M_{age}=35.94$, $SD=13.04$) for a total of $N=487$ respondents. Through the use of an online platform, we presented our respondents the same fictitious firm called V&K used in Study 1. Respondents within each country sample were randomly allocated to one of four experimental conditions. Depending on their allocation, respondents read that the firm "was controlled by a major corporation" (non-independent condition) or not (independent condition). Respondents also read that the company operates in the apparel sector (hedonic condition) or in the appliances sector (utilitarian condition) (see Appendix).

Following the manipulations, we recorded responses on the same 3-item authenticity measure adapted from Napoli and colleagues (2014), the 2-item measure of product warmth, as well as the 3-item measure of purchase intention indicating their likelihood to buy the product. Subsequently, participants completed the three manipulation check items (“V&K is an independent firm”, “V&K is controlled by a big corporation” – reverse coded; “V&K relies on the resources of another corporation” – reverse coded; $\alpha=.84$), some attention checks, and the two items capturing hedonic/utilitarian product benefits. Furthermore, we asked participants to fill out some measures that we aimed to use in robustness checks analyses. First, respondents filled the sincerity and tradition dimensions of the brand authenticity scale by Napoli and colleagues (2014). Second, we presented them with two alternative measures to capture warmth: one adapted from Stokburger-Sauer et al. (2012) focusing on emotional response to V&K products (“The products made by V&K create warm feelings among their users”, “The products made by V&K are very loveable”, “The products made by V&K are rather emotional”; $\alpha=.88$) and a 4-item measure drawn from Davvetas and Halkias (2018) to capture warmth based on the Stereotype Content Model (“V&K is a *warm/kind/friendly/well-intentioned* firm”; $\alpha=.87$). Third, we asked respondents to fill a scale to measure how global they perceived V&K to be (“I think V&K is a global firm”, “I think consumers around the world buy the products of V&K”, “I think that the products of V&K are sold around the world”; Steenkamp et al., 2003; $\alpha=.92$) and a scale to measure the extent to which they perceive it as a domestic firm (“V&K is a British/Indian firm”, “V&K comes from the UK/India”, “The origin of this firm is British/Indian”; Davvetas and Halkias, 2018; $\alpha=.95$). Finally, respondents were thanked and debriefed.

4.2. Analysis and results

4.2.1. Manipulation checks

Respondents exposed to the independent firm condition reported higher values in the composite of the three manipulation check items capturing firm independence than those exposed to the non-independent condition ($M_{\text{independent}}=5.74$, $SD=1.53$ vs. $M_{\text{non-independent}}=2.89$, $SD=1.38$; $t(485)=21.62$, $p<.001$). Separate within country tests show that independence manipulation was successful for both samples. Regarding product categories, participants exposed to the apparel condition perceived that V&K products satisfied predominantly hedonic (vs. utilitarian) needs compared to those exposed to the appliances condition ($M_{\text{appliances}}=.79$, $SD=1.68$ vs. $M_{\text{apparel}}=.08$, $SD=1.55$; $t(485)=4.90$, $p<.001$).

4.2.2. Construct measurement and invariance testing

A CFA testing the psychometric properties of the multi-item scales shows very good model fit ($\chi^2=50.56$, $df=17$, $p<.001$, $RMSEA=.064$, $CFI=.986$, $SRMR=.022$). All loadings and psychometric properties (α , CRs, AVEs) are well within acceptable ranges. Discriminant validity tests show that constructs are found discriminant. Invariance tests show that all scales were invariant across the UK and India samples (Table 2).

4.2.3. Experimental analysis

A 3-way ANOVA on perceived product authenticity with company type, product category, country culture and all corresponding interactions as independent variables reveals a main effect of product type ($F(1;479)=16.18$, $p<.001$). In the pooled country sample, independent firm products were perceived as significantly more authentic than non-independent ones ($M_{\text{independent}}=5.40$, $SD=.96$ vs. $M_{\text{non-independent}}=5.03$, $SD=1.16$).

Regarding the hypothesized interaction effects, both the firm type \times category interaction ($F(1;479)=3.823$, $p=.05$) and the firm type \times country interaction ($F(1;479)=8.516$, $p<.01$) were statistically significant. Planned contrasts show that in the hedonic product category

(apparel), respondents exposed to the independent firm description perceived the products as significantly more authentic compared to respondents exposed to the non-independent firm condition ($M_{\text{independent}}=5.48$, $SD=.91$ vs. $M_{\text{non-independent}}=4.95$, $SD=1.22$; $t(483)=3.94$, $p<.001$).

As expected – and similar to Study 1 – in the utilitarian product category (appliances) no differences were found ($M_{\text{independent}}=5.32$, $SD=1.00$ vs. $M_{\text{non-independent}}=5.12$, $SD=1.09$; $t(483)=1.42$, $p=.160$).

Regarding the firm type \times culture interaction, planned contrasts indicate that UK respondents perceived the independent firm products as significantly more authentic ($M_{\text{independent}}=5.12$, $SD=1.07$ vs. $M_{\text{non-independent}}=4.50$, $SD=1.12$; $t(483)=4.79$, $p<.001$) while Indian consumers perceived no significant differences in authenticity across conditions ($M_{\text{independent}}=5.65$, $SD=.77$ vs. $M_{\text{non-independent}}=5.55$, $SD=.96$; $t(483)=.875$, $p=.382$). The 3-way interaction was not significant.

Regarding warmth, a 3-way ANOVA reveals a significant main effect of firm type. In the pooled country sample, products sold by independent firms were perceived as significantly warmer than products sold by non-independent firms ($M_{\text{independent}}=4.83$, $SD=1.47$ vs. $M_{\text{non-independent}}=4.52$, $SD=1.58$; $F(1;479)=5.941$, $p<.05$).

Regarding interaction effects, neither the firm type \times category ($F(1;479)=.002$, $p=.969$) nor the firm type \times culture interaction ($F(1;479)=2.324$, $p=.128$) were found significant. In terms of product categories, planned contrasts reveal that in the utilitarian category (appliances), independent and non-independent firm products were perceived as equally warm ($M_{\text{independent}}=4.87$, $SD=1.42$ vs. $M_{\text{non-independent}}=4.58$, $SD=1.46$; $t(483)=1.486$, $p=.138$). In the hedonic product category (apparel), respondents perceived independent firm products as warmer than non-independent ones, however, this difference is significant only at $\alpha=10\%$ ($M_{\text{independent}}=4.78$, $SD=1.52$ vs. $M_{\text{non-independent}}=4.46$, $SD=1.68$; $t(483)=1.667$, $p=.096$). In terms of culture, UK respondents perceived independent firm products as significantly warmer than

non-independent ones ($M_{\text{independent}}=4.01$, $SD=1.51$ vs. $M_{\text{non-independent}}=3.55$, $SD=1.40$; $t(483)=2.845$, $p=.005$). In contrast, Indian consumers did not perceive any statistically significant differences in warmth by firm type ($M_{\text{independent}}=5.56$, $SD=.96$ vs. $M_{\text{non-independent}}=5.46$, $SD=1.10$; $t(483)=.671$, $p=.502$). The 3-way interaction was not significant.

4.2.4. Moderated mediation analysis

Two moderated mediation analyses tested the effects of the independent (vs. non-independent) firm manipulation on purchase intentions through authenticity and warmth across product categories and countries. Starting from the product category, the results suggest that the utilitarian or hedonic nature of the product category moderates the indirect effect of the independence manipulation on purchase intent through authenticity (at $\alpha=10\%$) but not through warmth ($\beta_{\text{AUTH_interaction}}=-.336$, $p=.082$, [MMI]: 90%CI=[-.2921; -.0096]; $\beta_{\text{WARM_interaction}}=-.027$, ns, MMI: 95%CI=[-.1447; +.1224]). In the hedonic category, firm independence has a positive effect on purchase intent mediated through both perceived authenticity (90%CI=[+.1232; +.3482]) and warmth (90%CI=[+.0012; +.2113]). In contrast, in the utilitarian product category, firm independence has no effect on purchase intent as a consequence of null indirect effects through authenticity (90%CI=[-.0102; +.1833]) and warmth (90%CI=[-.0016; +.1887]).

With reference to culture, the results show that culture moderates the indirect effects of firm independence on purchase intent through authenticity but not the indirect effect through warmth ($\beta_{\text{AUTH_interaction}}=.506$, $p=.005$, [MMI]: 95%CI=[+.0677; +.3837]; $\beta_{\text{WARM_interaction}}=.360$, ns, MMI: 95%CI=[-.0290; +.2581]). In the UK (individualistic) sample, independence has a significant effect in purchase intent mediated by both authenticity (95%CI=[+.1435; +.4110]) and warmth (95%CI=[+.0274; +.2705]). On the contrary, in the Indian sample, neither authenticity (95%CI=[-.0359; +.1486]) nor warmth (95%CI=[-.0409;

+.1173]) mediate any effects of firm independence on purchase intent (the overall effect being non-significant), as expected.²

Finally, we conducted a series of robustness checks testing alternative construct operationalizations and adding further controls; results remained robust (see Appendix).

4.3. Discussion

Study 2 replicated the effects of firm independence on authenticity, warmth, and purchase intent as well as the moderating role of product category and culture. Importantly, this study reveals that the effects mostly replicate in a new set of countries. Although the effects in the UK appear strikingly similar with those in the US (Study 1), there seems to be some discrepancy between the two collectivist cultures. While Chinese consumers found the independent firm's products warmer but less authentic than those of the non-independent firm, Indian consumers perceived both independent and non-independent firms' products similarly in terms of authenticity and warmth. This contrast implies that the type of collectivism (horizontal vs. vertical) is critical in assessing the potential of independent businesses when competing in specific countries.

Table 3 provides an overview of conditional indirect effects across studies and how these contrast with our theoretical predictions. Additionally, Table 4 presents authenticity-, warmth-, and purchase-premiums calculated as the percentile increase in the corresponding scales between independent and non-independent conditions. These percentages indicate the perceptual advantages indie products enjoy in relation to their non-indie counterparts as well as the product categories and cultures where these advantages are stronger/weaker.

Insert Table 4 here

² As in Study 1, we also tested our model by estimating the effects of the moderators simultaneously using PROCESS Model 9 (Hayes, 2013). The results remain consistent.

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3 **5. Study 3**
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6 Study 3 builds on the previous studies through four differentiations. First, it tests the effect of
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8 firm independence by manipulating of a firm’s loss of independence due to its takeover from
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10 another corporation. In this study, we test the prediction that when an indie firm is taken over
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12 by another corporation, its products will suffer drops in perceived authenticity, warmth and,
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14 ultimately, purchase intent. Second, to strengthen the international marketing implications of
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16 our findings, we explicitly test whether the ownership (domestic vs. foreign multinational) of
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18 the acquirer affects consumers’ post-acquisition perceptions of the acquired firm. Third,
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20 instead of using a fictitious brand name, we use a real brand in the confectionary (i.e.,
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22 hedonic) industry to achieve external validity. Fourth, in light of inconsistent findings
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24 regarding the moderating role of individualism/collectivism in the previous studies, we draw
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26 a single country sample (Italy) and measure respondents’ level of individualism/collectivism.
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28 The previous studies tested the effect of individualism/collectivism by comparing pairs of
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30 countries, which, however, differed in several dimensions (e.g., economic development, other
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32 cultural dimensions), thus creating potential for confounds. By focusing in one country and
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34 psychometrically capturing variance in individualism/collectivism at the consumer level, we
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36 can more safely attribute of our effects to the focal cultural dimension.
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45 *5.1. Research design*
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47 We conducted a between-subjects experiment using three experimental conditions
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49 (independent firm vs. acquired by a domestic company vs. acquired by a foreign MNC). We
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51 recruited N=323 Italian respondents (39.9% females, $M_{age}=26.4$, $SD=7.70$) from Prolific
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53 Academic. We chose Italy because its score on the individualism dimension (76) is between
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55 those of the US (91)/the UK (89) and China (20)/India (48) (www.hofstede-insights.com),
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57 thus allowing us to obtain sufficient variance on the measure of individualism/collectivism.
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Respondents first completed a 3-item measure of collectivism adapted from Yoo *et al.*, 2011 (“*Individuals should sacrifice self-interest for the group*”, “*Individuals should only pursue their goals after considering the welfare of the group*”, “*Group loyalty should be encouraged even if individual goals suffer*” – 5-point agreement scale).³ We then presented our respondents with a real Italian confectionery brand, Matilde Vicenzi, producing different lines of baking and chocolate products. Respondents were randomly allocated to one of three experimental conditions. In the condition where the target brand was acquired by a local company, participants read that recently Matilde Vicenzi was acquired by Venchi, an Italian company operating in the confectionery sector. In the condition where the target brand was acquired by a foreign MNC, participants read that Matilde Vicenzi was acquired by Lindt, a multinational company operating in the confectionery sector. In both the acquired conditions, participants read that the acquirer has now full control of the Matilde Vicenzi brand. In the independent condition, participants were not presented with information about any acquirer, and they read that the brand is totally independent and in full control of corporate decisions and policies (see Appendix).

Next, participants completed manipulation check items (“Matilde Vicenzi is an independent firm”, “Matilde Vicenzi is controlled by another corporation” (reversed item), “Matilde Vicenzi relies on the resources of another corporation” (reversed item)). Subsequently, participants completed measures of authenticity and warmth as in previous studies. Additionally, we assessed the level of familiarity respondents had with the Matilde Vicenzi brands as well as the two acquirer brands (Venchi and Lindt) on a 7-point Likert scale (1=not all familiar to 7=very familiar). All manipulations and items were translated and back translated in Italian. Finally, respondents were thanked and debriefed.

³ The measure’s distribution indicates sufficient variance to allow the detection of hypothesized effects (M=3.04, SD=.857, Min=1.0, Max=5.0, Skewness=-.124, Kurtosis=-.227, Q25=2.3, Q50=3.0, Q75=3.7).

5.2. Analysis and results

5.2.1. Manipulation checks

Respondents exposed to the independent firm condition reported significantly higher scores on the 3-item perceived independence scale than respondents exposed to the domestic and/or the foreign MNC takeover conditions ($F(2; 320)=787.87$, $p<.001$; $M_{\text{indie}}=6.57$, $SD=.97$ vs. $M_{\text{domestic}}=2.06$ $SD=1.07$ vs. $M_{\text{foreign}}=1.87$, $SD=.89$). As intended, the difference in perceived independence between domestic vs. foreign takeover conditions was not significant ($p=.136$). Respondents perceived Matilde Vicenzi's category (sweet snacks) as rather hedonic ($M=4.53$, $SD=1.42$, $t(322)=6.645$, $p<.001$). Finally, respondents exposed to the "Venchi takeover" condition perceived the acquirer as more focused on the domestic (Italian) than the global market ($M_{\text{domestic}}=5.26$, $SD=1.44$ vs. $M_{\text{global}}=4.28$, $SD=1.58$, $t(107)=5.10$, $p<.001$), while respondents exposed to the "Lindt takeover" condition perceived the acquirer as more focused in the global than the domestic market ($M_{\text{domestic}}=4.89$, $SD=1.58$ vs. $M_{\text{global}}=6.34$, $SD=.84$, $t(109)=-8.91$, $p<.001$). Thus, all manipulations were successful.

5.2.2. Construct measurement

A CFA testing the psychometric properties of the multi-item scales generates very good model fit ($\chi^2=52.14$, $df=38$, $p<.001$, $RMSEA=.034$, $CFI=.992$, $SRMR=.033$). All loadings and psychometric properties (α , CRs, AVEs) obtain satisfactory values. Validity and reliability metrics indicate sound measurement for the 3-item collectivism/individualism scale ($\lambda_s>.666$; $\alpha=.757$; $CR=.759$; $AVE=.513$). Discriminant validity checks show that, for all construct pairs, shared variance is lower than the minimum of each construct's AVE.

5.2.3. Moderated mediation analysis

Two moderated mediation models test the effects of loss of independence following an indie firm's takeover. In the first model, we use as independent variable a dummy after collapsing domestic and foreign multinational takeover conditions and contrast them with the independent condition (0=Indie, 1=Takeover). We use perceived craftsmanship and warmth as mediators, purchase intent as dependent variable, collectivism as a moderator and familiarity of both the acquirer and the independent brand as covariates to rule out brand strength/prior knowledge confounds (PROCESS Model 7; 5000 resamples).

The results reveal a significant negative effect of the takeover dummy on perceived authenticity ($\beta = -.952$, $SE = .438$, $t = -2.175$, $p = .030$) but no effect on perceived warmth ($\beta = -.034$, $SE = .569$, $t = -.059$, $p = .953$). We find a positive and significant interaction effect of the takeover condition with collectivism ($\beta_{\text{takeover} \times \text{collectivism}} = .292$, $SE = .139$, $t = 2.100$, $p = .037$) such that for consumers scoring higher on collectivism the negative effect of takeover on perceived authenticity is attenuated – as H3a predicts. We do not find a significant interaction effect of the takeover \times collectivism interaction on warmth ($\beta_{\text{takeover} \times \text{collectivism}} = .004$, $SE = .181$, $t = .024$, $p = .981$), thus lending no support to H3b. Both perceived authenticity ($\beta = .204$, $SE = .060$, $t = 3.430$, $p < .001$) and warmth ($\beta = .358$, $SE = .046$, $t = 7.742$, $p < .001$) have significant positive effects on purchase intent. Overall, authenticity mediates the negative effects of independence loss on purchase intent ([MMI]: 95%CI=[+.0020, +.1480]) but warmth does not ([MMI]: 95%CI=[-.1252, +.1517]). Floodlight analysis indicates that for respondents scoring below 2.00 on the collectivism scale, the effect of takeover on authenticity is negative and significant, leading to a significant negative indirect effect on purchase intent. For collectivism values above 2.00, the effect turns insignificant. Thus, H3a is supported. We do not, however, observe a similar pattern for warmth.

To test the role of the acquirer type (domestic corporation vs. foreign MNC) and whether one of the two leads to stronger losses of perceived independence, we conduct a multi-

categorical moderated mediation analysis with the multi-categorical condition (0=indie, 1=domestic acquirer, 3=foreign MNC acquirer) as the independent variable. The results show that only takeovers of independent firms by foreign MNCs lead to drops in authenticity ($\beta = -1.091$, $SE = .514$, $t = -2.124$, $p = .034$), while takeovers by domestic acquirers do not ($\beta = -.815$, $SE = .511$, $t = -1.560$, $p = .112$). Importantly, this effect is moderated by collectivism; for collectivist consumers, the negative effect of foreign MNC takeover on authenticity is significantly attenuated ($\beta_{\text{foreign_multinational} \times \text{collectivism}} = .342$, $SE = .163$, $t = 2.100$, $p = .037$), implying that only individualists react negatively to indie firms' takeovers by foreign MNCs. No moderation is observed for the effect of domestic takeovers ($\beta_{\text{foreign_multinational} \times \text{collectivism}} = .243$, $SE = .162$, $t = 1.495$, $p = .136$). Finally, consistent with the previous analysis, no effects (main or moderated) of acquirer type on perceived warmth are identified ($\beta_{\text{foreign_multinational}} = -.676$, $SE = .664$, $t = -1.019$, $p = .309$; $\beta_{\text{domestic_acquirer}} = .595$, $SE = .660$, $t = .902$, $p = .368$).

5.3. Discussion

Study 3 finds that losses of independence following independent firms' takeovers lead to significant drops in independent products' perceived authenticity and, therefore, in consumers' willingness to purchase them following the takeover. This effect, though, is observed only for individualistic consumers. Although individualism was measured at the individual level in this study (thus causal attribution of effects cannot be attempted for country-level individualism/collectivism), it corroborates the findings of Studies 1 and 2. The findings suggest that to whom a firm hand its independence in matters for consumers; being acquired by a foreign multinational represents a stronger threat to authenticity than being acquired by a domestic corporation. Finally, no effects of warmth have been identified in this study (possibly because both acquirer brands used as stimuli score very high on Italian consumers' sentiment).

6. General discussion

This research investigates consumer responses to independent firms and their products in contrast with firms owned, controlled, and assisted by bigger organizational entities. Our findings suggest that, *ceteris paribus*, consumers use a firm's (in)dependence status to form product authenticity and warmth judgments. Although products sold by independent firms are generally perceived as warmer and more authentic than products sold by non-independent firms, warmth judgments depend on the product category and authenticity judgments depend on culture. Consumers make positive warmth inferences for independent products when these products provide hedonic value but not when they serve utilitarian needs. Moreover, consumers of individualistic and horizontally collectivist cultures perceive independent products as warmer than non-independent ones, but such perceptions do not hold in vertically collectivist cultures. Consistent effects are observed when an independent firm is bought out, ultimately suffering significant perceptual craftsmanship damage. However, the negative effects of independence loss are observed only when the acquirer is a foreign multinational and not when the acquirer is a domestic corporation, implying differences in different acquirers' capacity to maintain a craftsmanship image for the products of an independent firm after buying it out.

6.1. Theoretical contributions

To the best of our knowledge, this research is the first to investigate the recent increase in consumer preference for products sold by independent firms. Although managerial reports have recently evidenced this trend in several industries (e.g., FMCGs, fashion, technology, hospitality; Shopify, 2021; Global Data, 2021), limited research has focused on the processes explaining this preference and the conditions that regulate it. Our findings contribute by establishing that consumers use a firm's independence as an attribute which informs their

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3 inferences about product craftsmanship and warmth. Additionally, our findings show that
4 these inferences are not universal but dependent on the hedonic/utilitarian nature of the
5 product category and the culture of the target consumer base.
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10 We further contribute by offering the first investigation of the effect of culture in forming
11 perceptions of product and company authenticity. While many studies in the past looked at
12 the important consequences that company size, tradition (Beverland, 2005; Napoli *et al.*,
13 2014), or heritage (Grayson and Martinec, 2004) have on perceived authenticity, scholars
14 have overlooked cultural dimensions as important determinants of this process. Our findings
15 demonstrate how the perceptions of what makes things (in this case, products) authentic
16 depends on consumers' cultural orientation. This factor not only contributes to extending
17 theories of brand authenticity, but also opens promising avenues for research in other
18 disciplines (e.g., psychology) to test whether authenticity, as a fundamental concept, is
19 shaped by cultural elements. In this context, our findings suggest that individualistic and
20 collectivist cultures perceive authenticity differently based on their culturally prescribed
21 attitudes to the notions of control and hierarchy. While in individualistic cultures – for which
22 dependence has negative connotations – authenticity is hurt by firm control, in collectivist
23 cultures – for which dependence associates with positive beliefs – authenticity is unaffected
24 or even boosted by non-independence.
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45 Our research is among the first to test the interplay between firm independence and the
46 benefit a company's products offer. While past research (Dhar and Wertenbroch, 2000;
47 Leclerc *et al.*, 1994) has looked at factors making consumers prefer particular types of
48 products in one category over another, in this research, we demonstrate how independence
49 can boost the perceived warmth of a hedonic product, thus generating consumer goodwill.
50 Essentially, firm independence operates as a symbol of positive intentionality which appears
51 particularly relevant when consumers seek hedonic benefits. This possibly explains the
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prevalence of “indie”-related research in cultural studies and the popularity of “indie” labels in cultural industries (Corciolani, 2014; Hesmondhalgh, 1999; Newman, 2009).

Finally, our research provides theoretical insight on how consumers stand towards expansive corporate actions and their ensuing power hierarchies. Although many of these actions are strategically motivated on supply-side grounds (e.g., firm growth, market control, segment penetration), they often have unintended demand-side consequences (Umashankar *et al.*, 2022). Our findings contribute to studies investigating consumer reactions to brand takeovers (Leet *et al.*, 2011; Lee *et al.*, 2014; Zhang *et al.*, 2018) by showing that consumers actively judge the structure of power dependencies caused by these practices and punish firms that impose marketplace mandates at the expense of independent players. These negative consumer reactions appear much more severe for multinational corporations growing through buying out independent firms, but subside for domestic takeovers which are perceived as less damaging for acquired firms’ craftsmanship. In this sense, our work provides an explanation for consumers’ increasing anticorporatist attitudes (Thompson and Arsel, 2004), contributes to the emerging debate on the antecedents and consequences of anti-globalization for consumers, firms, and brands (Samiee, 2019; Steenkamp, 2019), and relates to recent findings in international marketing literature that paint concerning picture for global brands’ prospects (Cleveland and McCutcheon, 2022; Mandler *et al.*, 2020).

6.2. Managerial implications

Our findings have implications for brand architecture decisions, international brand portfolio management and brand positioning (Figure 2).

Insert Figure 2 here

Firms often respond to competitive threats with development of flanker brands to confront rivals in the upper or lower ends of the market and/or the acquisition of independent firms to get ownership of their tangible and intangible assets. However, it is not always clear whether the acquired brands/firms should highlight or downplay their association with their acquirer as both strategic options have advantages and disadvantages (Aaker and Joachimsthaler, 2000). Our findings suggest that retaining an independent firm image can have positive effects on the firm's products with regards to how warm and authentic consumers perceive these products to be. Thus, when consumers actively seek for craftsmanship or when the development and/or retention of consumer-brand relationships is a key objective of the acquired brand, retaining an independent image through downplaying the parent firm takeover would be advisable. This is particularly the case for hedonic categories and matters less for utilitarian products where the firm's lack of independence does not threaten brand warmth. An interesting example of a "third-way" to respond to the above dilemma is the strategy of Innocent. Despite being formally owned by Coca-Cola and publicly open about it, Innocent stresses its independence when it comes to sustainable processes and ethical standards in order to safeguard its image from being associated with negative perceptions linked to an archetypical multinational.

Similar advice is issued for international marketers who need to navigate a diverse brand portfolio consisting of both purely global and acquired local brands on an international scale. A key challenge for these firms is to strike the right balance between promoting a global image that offers a distinctive appeal and retaining the authenticity associated with a local character (Steenkamp *et al.*, 2003). This balance is difficult to achieve as international brand portfolio decisions are quite complex (Douglas *et al.*, 2001) and often lead to brand authenticity losses (Özsomer, 2012). The findings of this research suggest that this decision should depend on the culture of the country where the acquired brand is sold. In

individualistic countries, it is important to retain an independent firm image because a clear association with a bigger global corporation might lead to perceived authenticity damage.

The inverse is advised in collectivist countries, where ownership by a large corporation does not seem to damage product perceptions or, in some cases, it may even operate as authenticity guarantee rather than authenticity risk. This finding is particularly relevant for multinationals following “house of brands” practices such as Unilever (Aaker and Joachimsthaler, 2000). These firms have to pinpoint the optimal exposure level of their corporate brand vis-à-vis their separately marketed owned brands. Our findings imply that this level should be lower in individualist cultures (where stressing the corporate brand might lead to unfavourable dependency associations) and higher in collectivist cultures (where a strong corporate brand represents an authenticity credential) and should be used to assess culturally dependent differences in the effectiveness of global corporate image campaigns (e.g., P&G’s “Thank you Mom” campaign).

These directives depend on the origin of the companies that grow through independent firm takeovers. Our findings suggest that consumers are disillusioned by independent brands taken over by multinationals, but they do not feel the same for domestic corporations that grow through takeovers within their domestic market. Domestic corporations enjoy higher consumer tolerance for expansive growth strategies that come at the expense of independent brands but only as long as these remain limited within their country borders.

Finally, the observed worldwide growth of independent firms suggests a new positioning alternative, which our findings find credible and effective under specific conditions. Such an “independence” positioning could be useful for smaller firms such as SMEs, fashion start-ups, local retail shops, born-global organizations, social media microbrands, etc. Building an independence narrative as the cornerstone of brand image can shape an authentic and warm brand personality which may prove effective when competing against big market players.

6.3. Limitations and future research

Focused on establishing the internal validity of the findings, our investigation relies on experimental methodology. Market based surveys and industry-level secondary data (with performance metrics of established independent and non-independent firms) would complement the experimental findings obtained herein by providing an ecologically valid investigation of the phenomenon.

Second, although this research used prototypical examples of individualistic and collectivist cultures, replication of the findings across more country samples would be useful for generalizability purposes. Future research should not only investigate differences in consumer responses to independent and non-independent firms between individualistic and collectivistic cultures but also between cultures that differ in more nuanced aspects.

Admittedly, culture is an elusive construct whose effects cannot be easily and fully captured through a country manipulation as attempted in our studies (de Mooij 2015). Although our selection of countries in Studies 1 and 2 was carefully justified based on secondary data and despite testing the effects of individualism at the consumers' level in Study 3 using a complementary approach, we acknowledge that alternative operationalizations of culture (e.g., combining both country-level data with individual-level scales, matched samples across countries with pronounced cultural differences) could explain more variance and allow a safer causal attribution of the effects of firm independence on consumer responses.

Third, although our manipulation checks established the differences in utilitarian/hedonic value as a relevant variable, product categories differ in multiple dimensions which might be diagnostic in this context. Future investigations of consumers' preference for independent firms should extend to more product categories and identify additional product category characteristics that might moderate the investigated relationship (e.g., consumption visibility, category signalling value – Davvetas and Diamantopoulos, 2016).

Fourth, although we operationalized a firm's independence through a binary variable (independent vs. non-independent firm), we acknowledge that independence could represent a continuous variable with many grey areas falling between the two extremes (e.g., partial independence such as the case of Innocent). Further research focusing on these grey areas would be managerially relevant.

Finally, as losses of independence caused by multinational takeovers are more threatening than takeovers by domestic corporations, the management of independent firms by domestic corporations may be perceived as respecting local culture, tradition, and norms while ownership by multinationals comes at the cost of global standardization. Testing this expectation would improve our understanding on how consumers judge the growth strategies of multinationals and whether managing acquired independent brands using multi-local adaptation or global standardization strategies leads to higher demand-side gains.

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Table 1: Overview of selected studies on consumers' reactions to independent brand takeovers/acquisitions

Article	Main research objective	Brand independence focus	Theoretical focus	Methodological focus	Related findings
Chun (2016)	Factors determining ethical consumers' loyalty to CSR-brands	Peripheral (takeover impact)	Corporate Social Responsibility / Business Ethics	Quantitative (surveys)	"The findings provide a useful explanation for the drop in The Body Shop's ethical rating and for the negative consumer reaction since the takeover by L'Oréal. The ethical image level may have been affected by consumers' feelings of detachment from The Body Shop since the takeover" (p. 542)
Cova et al. (2015)	Collaborative marketing and the role of consumers as workers	Peripheral (takeover impact)	Brand communities	Qualitative (ethnography)	"while Alfisti adore the Alfa Romeo brand, many do not like Fiat, which is perceived as the company that stole the true spirit of the Alfa Romeo brand. To some Alfisti, only Alfa Romeo cars produced prior to the Fiat takeover of Alfa Romeo in 1984 count as genuine" (p. 691)
Fang and Wang (2018)	Investigation of the effect of cross-border acquisitions on brand image of the acquirer brand	Peripheral (acquirer brand image)	Country of origin	Quantitative (experiments)	"Engaging in cross-border acquisitions significantly enhances the brand image of the acquirer brand" (p. 1727)
Garavaglia and Swinnen (2017)	Drivers of craft beer brand growth	Peripheral (takeover impact)	NA (Managerial report)	Quantitative (descriptive)	"Acquisitions have been criticized quite heavily by remaining craft brewers and consumers, who often consider such acquisitions to be a departure from craft origins. Consumer backlash may be one of the largest threats to the takeover spree" (p. 6)
Heinberg et al. (2016)	Determinants of consumer loyalty toward acquired brands	Peripheral (takeover impact)	Country of origin Global branding	Quantitative (surveys)	"From a customer's perspective acquiring a local brand is not an advisable strategy for foreign brand conglomerates, because such an international takeover may decrease consumer loyalty" (p. 586)
Herz and Diamantopoulos (2017)	Consumers' country of origin cue usual denial	Peripheral (COO change)	Country of origin	Quantitative (experiments)	"COO is a salient driver of brand equity after mergers and acquisitions when the takeover and the acquired brand have different COOs" (p. 55)
Johansson et al. (2018)	Consequences of country of ownership change for brand image	Peripheral (COO change)	Country of origin	Qualitative (community data)	"When country of ownership (COOW) for brands changes consumers are disoriented as to which cue to apply when evaluating the brand. They also see that brand values, and how these are communicated, are in conflict, as are sustainability images" (p. 871)

Lee at al. (2011)	Effects of acquirer and acquired brand image on brand equity after M&As	Peripheral (brand image transfer)	Brand equity	Quantitative (experiments)	“The greater the perceived differences between acquirers and acquired brands, the more the brand equity of the acquirer will increase” (p. 1091)
Lee at al. (2014)	Effects of country-of-origin image and brand name redeployment strategies on acquirers’ brand equity after a merger and acquisition	Peripheral (acquirer brand image)	Country of origin	Quantitative (experiment)	“COO image fundamentally affects brand equity after M&A, which is a major challenge for companies from a developing country. The effect of low country image is more harmful on a weak image brand than a strong image brand” (p. 202)
Liu et al. (2018)	Brand management strategy development for internationalizing emerging market brand through acquisitions in developed markets	Peripheral (internationalization strategy)	Country of origin International business	Qualitative (case study)	“Three mechanisms for brand management in the post-acquisition integration of emerging market companies – namely, transferring, dynamically redeploying and categorizing –underpin the interconnection and combined influence of country-of-origin image at the national level, corporate brand at the organizational level and brand portfolio at the product level” (p. 710)
McEachern (2015)	Consumers’ awareness and moral responses to corporate citizenship activities	Peripheral (ethical takeover impact)	Corporate Social Responsibility / Business Ethics	Qualitative (interviews)	There appeared to be a significant ‘national’ attachment to Cadbury’s citizenship activities among participants. However, such activities were perceived as being virtuous only up until their takeover by Kraft. For example, ‘Cadbury had a good image because they were a successful British firm but I think the takeover by Kraft has damaged them’; ‘people in the past have associated Cadbury as being part of our National heritage, but now that they’ve sold it, you just think of them as another company that’s gone somewhere else and I don’t really look at them in the same way anymore, and it’s a shame’ (p. 441)
Zhang et al. (2018)	Effect of takeover knowledge on acquired and acquirer brand images	Peripheral (takeover impact)	Food marketing	Quantitative (neuromarketing)	“The Shuang-Smithfield acquisition boosted consumers' acceptance for the Chinese brand. Moreover, consumers' neural preference for Oscar Mayer increased after learning about the acquisition suggesting consumers may be more likely to purchase Oscar Mayer after the acquisition. This result implies that, in contrast to the findings in the Chinese market that the Shuanghui-Smithfield had a negative spillover effect to the US brands” (p. 79)

Table 2. Construct measurement

Construct	Study 1	Study 2	Study 3
Perceived Product Authenticity (Napoli et al., 2014) (1 = <i>Totally disagree</i> , 7 = <i>Totally agree</i>)	$\alpha = .816$, CR = .845, AVE = .653	$\alpha = .794$, CR = .802, AVE = .575	$\alpha = .838$, CR = .866, AVE = .689
AUTH1: The products of [brand] are made to the most exacting standards, where everything the firm does is aimed at improving quality.	$\lambda = .901^a$	$\lambda = .817^a$	$\lambda = .930^a$
AUTH2: The products of [brand] are manufactured to the most stringent quality standards.	$\lambda = .895^{***}$	$\lambda = .718^{***}$	$\lambda = .907^{***}$
AUTH3: It feels like artisan skills and customized manufacturing processes have been retained in the production of [brand] products.	$\lambda = .588^{***}$	$\lambda = .737^{***}$	$\lambda = .615^{***}$
Perceived Product Warmth (Agrawal, 2009; Holak and Havlena, 1998) (1 = <i>Not at all</i> , 7 = <i>Very much</i>)	$\alpha = .856$, CR = .861, AVE = .756	$\alpha = .823$, CR = .826, AVE = .704	$\alpha = .723$, CR = .742, AVE = .591
WARM1: How much do you feel [brand] products could provide you a sense of calm and peacefulness?	$\lambda = .929^a$	$\lambda = .856^a$	$\lambda = .832^a$
WARM2: How sentimental, warm-hearted or affectionate [brand] products make you feel?	$\lambda = .806^{***}$	$\lambda = .822^{***}$	$\lambda = .700^{***}$
Purchase Intentions (Putrevu and Lord, 1994) (1 = <i>Very low</i> , 7 = <i>Very high</i>)	$\alpha = .925$, CR = .925, AVE = .860	$\alpha = .907$, CR = .909, AVE = .769	$\alpha = .927$, CR = .928, AVE = .812
PINT1: The probability that I would consider buying [brand]x products is...	$\lambda = .913^a$	$\lambda = .900^a$	$\lambda = .889^a$
PINT2: The likelihood that I would purchase products of this firm is...	$\lambda = .942^{***}$	$\lambda = .816^{***}$	$\lambda = .849^{***}$
PINT2: If I were going to a product like the one advertised, the probability of buying products from this company is...	N/A	$\lambda = .912^{***}$	$\lambda = .961^{***}$
Invariance testing			
Unconstrained model	$\chi^2 = 36.27$, df = 22, p = .028, RMSEA = .043, CFI = .992, SRMR = .049	$\chi^2 = 82.06$, df = 34, p < .001, RMSEA = .054, CFI = .977, SRMR = .041	NA
Constrained model (measurement weights) ^b	$\chi^2 = 36.90$, df = 24, p = .045, RMSEA = .039, CFI = .992, SRMR = .049	$\chi^2 = 86.98$, df = 39, p < .001, RMSEA = .050, CFI = .977, SRMR = .045	NA
Model fit comparison	$\Delta(\chi^2) = .63$, $\Delta(df) = 2$, p = .729	$\Delta(\chi^2) = 4.92$, $\Delta(df) = 5$, p = .426	NA

^a Scaling indicator; ^b For Study 1, the constrained model allows for free estimation of loadings for the non-invariant items AUTH3 and WARM2; NA: Not applicable

Table 3. Conditional indirect effects of independent (vs. non-independent) firm image across categories and countries (Study 1 and 2)

Study 1	Condition	Estimate	Finding	Prediction	Result
<i>Moderator: Product category</i>					
Indie→Authenticity→Purchase intent	Hedonic (cosmetics)	[+.0052, +.3148]	+	+	H1a, H2a supported
Indie→Warmth→Purchase intent	Hedonic (cosmetics)	[+.0597, +.3209]	+	+	H1b, H2b supported
Indie→Authenticity→Purchase intent	Utilitarian (detergents)	[-.1919, +.1390]	null	null	H2a supported
Indie→Warmth→Purchase intent	Utilitarian (detergents)	[-.1093, +.0869]	null	null	H2b supported
<i>Moderator: Culture</i>					
Indie→Authenticity→Purchase intent	Individualistic (USA)	[+.1074, +.4243]	+	+	H1a, H3a supported
Indie→Warmth→Purchase intent	Individualistic (USA)	[+.0205, +.2197]	+	+	H1b, H3b supported
Indie→Authenticity→Purchase intent	Collectivist (China)	[-.3365, -.0153]	-	null	H3a partially supported
Indie→Warmth→Purchase intent	Collectivist (China)	[+.0155, +.4448]	+	null	H3b not supported
Study 2	Condition	Estimate	Finding	Prediction	Result
<i>Moderator: Product category</i>					
Indie→Authenticity→Purchase intent	Hedonic (apparel)	[+.1232, +.3482]	+	+	H1a, H2a supported
Indie→Warmth→Purchase intent	Hedonic (apparel)	[+.0205, +.2197]	+	+	H1b, H2b supported
Indie→Authenticity→Purchase intent	Utilitarian (appliances)	[-.0102, +.1833]	null	null	H2a supported
Indie→Warmth→Purchase intent	Utilitarian (appliances)	[-.0016, +.1887]	null	null	H2b supported
<i>Moderator: Culture</i>					
Indie→Authenticity→Purchase intent	Individualistic (UK)	[+.1435, +.4110]	+	+	H1a, H3a supported
Indie→Warmth→Purchase intent	Individualistic (UK)	[+.0274, +.2705]	+	+	H1b, H3b supported
Indie→Authenticity→Purchase intent	Collectivist (India)	[-.0359, +.1486]	null	null	H3a supported
Indie→Warmth→Purchase intent	Collectivist (India)	[-.0409, +.1173]	null	null	H3b supported

Notes: Column entries refer to bootstrap confidence intervals [lower, upper] estimated using 5000 resamples. Bold cells indicate confidence intervals that do not include 0 (i.e., significant effects)

Table 4. Authenticity-, warmth- and purchase-premiums of independent firms across product categories and countries (Study 1 and 2)

	Product category						Culture			
	Total Sample		Utilitarian		Hedonic		Individualistic		Collectivist	
	Study 1	Study 2	Detergents	Appliances	Cosmetics	Apparel	USA	UK	China	India
Authenticity	Indie +3.4% (ns)	Indie +7.4% ($p < .05$)	Non-Indie +0.4% (ns)	Indie +3.9% (ns)	Indie +7.6% ($p < .05$)	Indie +10.7% ($p < .05$)	Indie +12.9% ($p < .05$)	Indie +13.8% ($p < .05$)	Non-Indie +8.6% ($p < .05$)	Indie +1.8% (ns)
Warmth	Indie +7.2% ($p < .05$)	Indie +6.9% ($p < .05$)	Non-Indie +0.2% (ns)	Indie +6.3% (ns)	Indie +15.0% ($p < .05$)	Indie +7.4% ($p < .10$)	Indie +7.9% ($p < .05$)	Indie +13.0% ($p < .05$)	Indie +10.2% ($p < .05$)	Indie +1.8% (ns)
Purchase intent	Indie +4.1% (ns)	Indie +6.0% ($p < .05$)	Non-Indie +2.6% (ns)	Indie +0.9% (ns)	Indie +10.6% ($p < .05$)	Indie +11.0% ($p < .05$)	Indie +6.6% ($p < .05$)	Indie +8.5% ($p < .05$)	Non-Indie +0.2% (ns)	Indie +3.3% (ns)

Note: Cell entries with “Indie” (“Non-Indie”) indicate higher (lower) scores for the independent (vs. non-independent) manipulation in the corresponding dependent variable. Significant differences are presented in highlighted cells. Percentages indicate percentile changes in the corresponding scales between “indie” and “non-indie” manipulations.

Figure 1. Conceptual framework

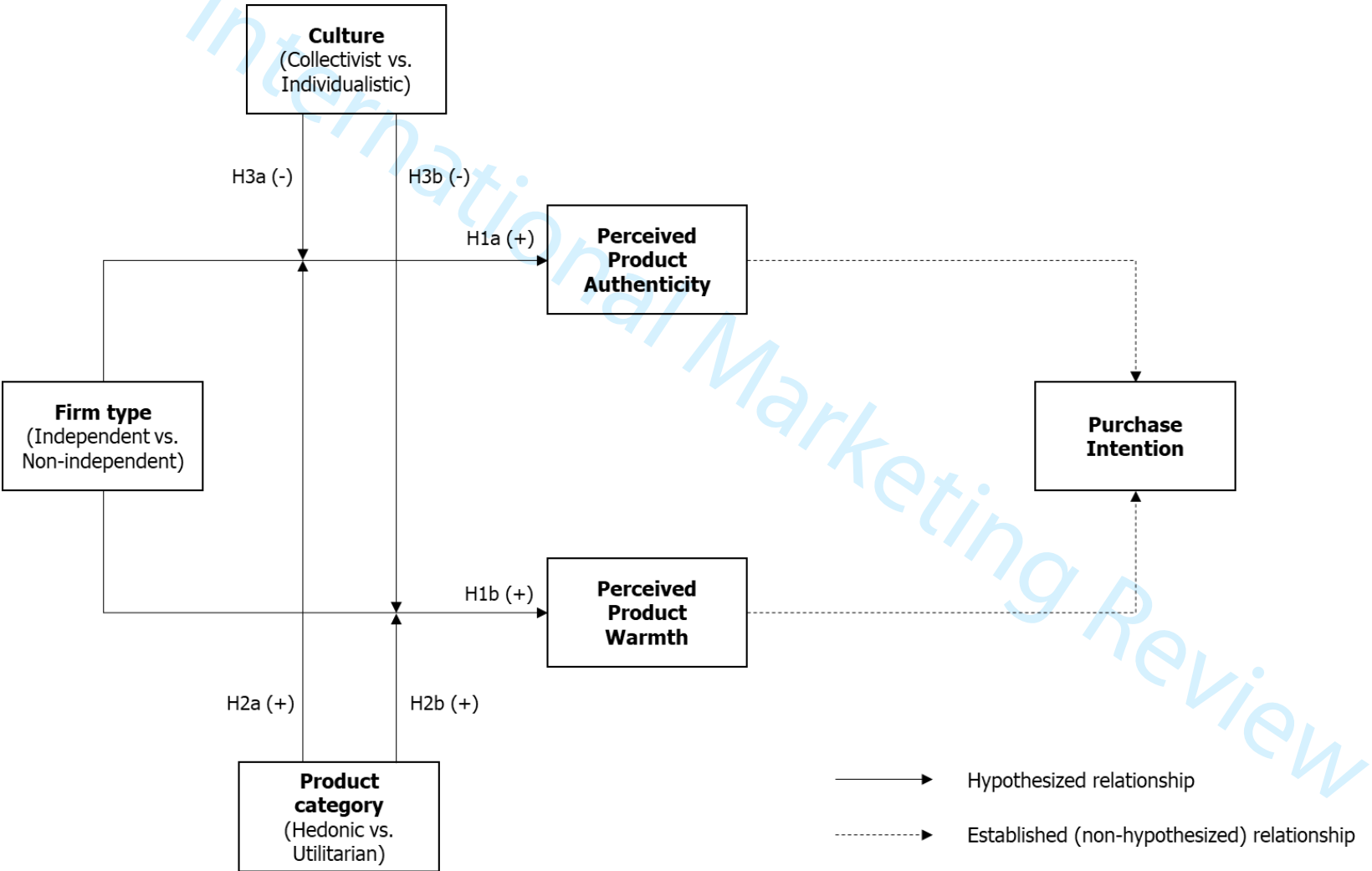


Figure 2. Managerial implications

		CULTURE	
		Individualistic	Collectivist
PRODUCT CATEGORY	Utilitarian	Acquirers <i>Takeover Strategy:</i> Downplay local brand takeovers and acquisitions of formerly independent firms. <i>Brand Architecture:</i> Structure international brand portfolios using “umbrella-branding” strategies or consider hybrid brand architecture alternatives. <i>Communication Strategy:</i> Focus on the brand identity of the formerly independent firm; downplay corporate brand image.	Acquirers <i>Takeover Strategy:</i> Communicate local brand takeovers and acquisitions of formerly independent firms under the corporate brand especially in vertical collectivist countries. <i>Brand Architecture:</i> Structure international brand portfolios using “branded-house” strategies. <i>Communication Strategy:</i> Highlight the corporate brand image and communicate the benefits of corporate brand ownership.
		Independents <i>Positioning Strategy:</i> Position around firm independence and its authenticity and warmth benefits to consumers.	Independents <i>Positioning Strategy:</i> Position around non-independence attributes such as quality, value for money, etc.
	Hedonic	Acquirers <i>Takeover Strategy:</i> Multinationals should downplay local brand takeovers and acquisitions of formerly independent firms. Domestic corporations may be more open about it. <i>Brand Architecture:</i> Structure international brand portfolios using “umbrella-branding” strategies. Manage brand images independently. <i>Communication Strategy:</i> Focus on the brand identity of the formerly independent firm and avoid associations with the corporate brand image (unless you are a highly localized corporation).	Acquirers <i>Takeover Strategy:</i> Downplay local brand takeovers and acquisitions of formerly independent firms (especially in horizontal collectivist cultures). <i>Brand Architecture:</i> Structure international brand portfolios using “branded-house” strategies or consider hybrid brand architecture alternatives. <i>Communication Strategy:</i> Focus on the brand identity of the formerly independent firm; downplay the corporate brand image.
		Independents <i>Positioning Strategy:</i> Position around firm independence and its authenticity and warmth benefits to consumers.	Independents <i>Positioning Strategy:</i> Position around firm independence and its warmth benefits to consumers.

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"The "Indie" Premium: How Independent Firms Create Product Value across Cultures"

APPENDIX

A. Indicative experimental manipulations (Studies 1 and 2)

Independent firm *[product category manipulation in italics]*

V&K is an independent *[apparel] / [home appliances]* firm founded in 1994. V&K is not managed by any major corporation. The financial, research and development, and all other business operations are controlled by the firm itself. V&K currently sells a comprehensive line of *[clothes and accessories targeted to both women and men] / [including microwave ovens, fridges and washing machines]*. V&K products are available in different *[designs, colors and sizes] / [designs, technical specifications, and sizes]*.

Non-independent firm *[product category manipulation in italics]*

V&K is an *[apparel] / [home appliances]* firm founded in 1994. V&K is owned and managed by another major corporation that holds a significant share of the *[apparel] / [home appliances]* market. V&K's business operations are controlled by this corporation which provides the necessary resources for V&K's financial, research and development, and other business operations. V&K currently sells a comprehensive line of *[clothes and accessories targeted to both women and men] / [including microwave ovens, fridges and washing machines]*. V&K products are available in different *[designs, colors and sizes] / [designs, technical specifications, and sizes]*.

B. Experimental manipulations (Study 3)

Independent brand

Matilde Vicenzi is an Italian company operating in the confectionery sector. The company produces various baked goods including biscuits, chocolate snacks (such as Grisbi snacks) and snacks. Over the years the company has developed a solid reputation and has a consolidated turnover. Currently, the brand is not financially dependent on any other company, it is totally independent and in control of corporate decisions and policies.



Acquired by a local company

Matilde Vicenzi is an Italian company operating in the confectionery sector. The company produces various baked goods including biscuits, chocolate snacks (such as Grisbi snacks) and snacks. Over the years the company has developed a solid reputation and has a consolidated turnover. Recently, the company was acquired by the Venchi brand, an Italian company operating in the confectionery and chocolate sector. From the moment of the acquisition, the brand depends financially on Venchi, which has absorbed the entire product portfolio of Matilde Vicenzi and controls its decisions and company policies.



Venchi

Acquired by an MNC

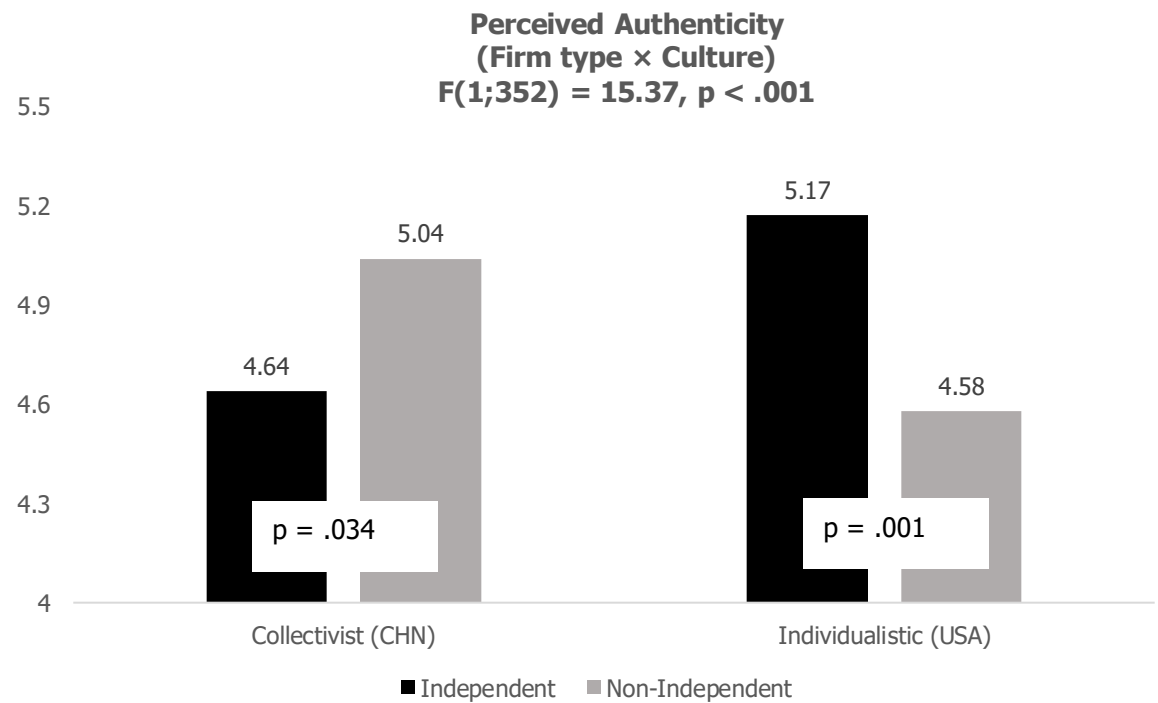
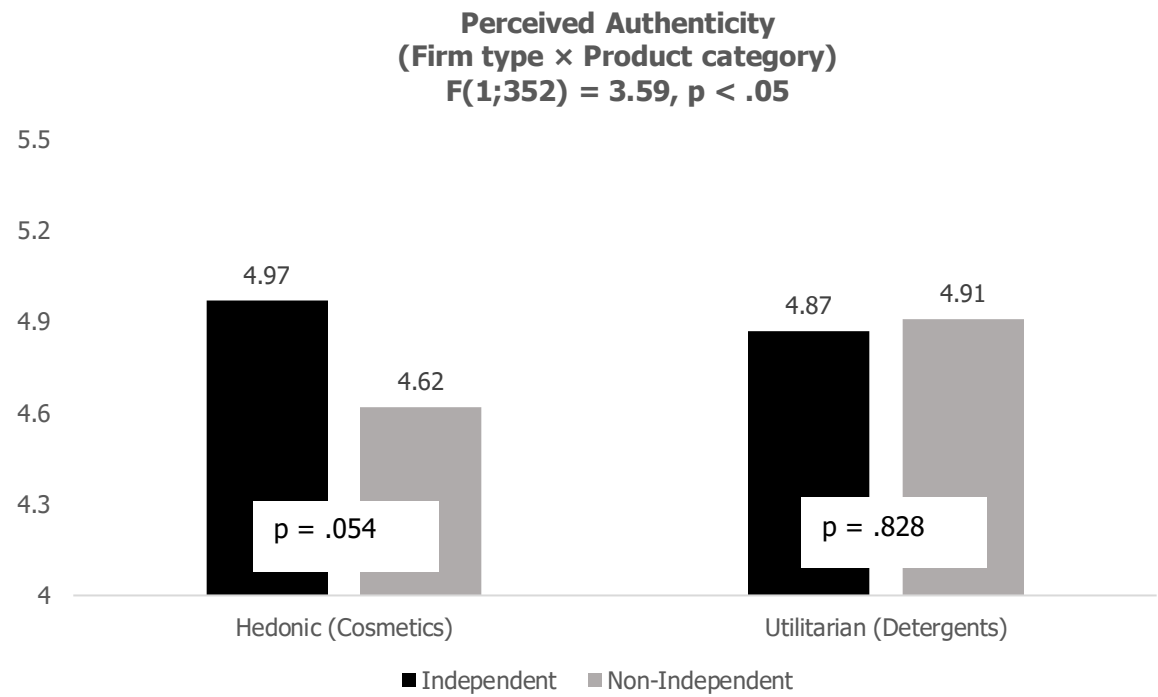
Matilde Vicenzi is an Italian company operating in the confectionery sector. The company produces various baked goods including biscuits, chocolate snacks (such as Grisbi snacks) and snacks. Over the years the company has developed a solid reputation and has a consolidated turnover. Recently, the company was acquired by the Lindt brand, a multinational company operating in the confectionery and chocolate sector. Since the acquisition, the brand has been financially dependent on Lindt, which has absorbed the entire product portfolio of Matilde Vicenzi and has control of the company's decisions and policies.



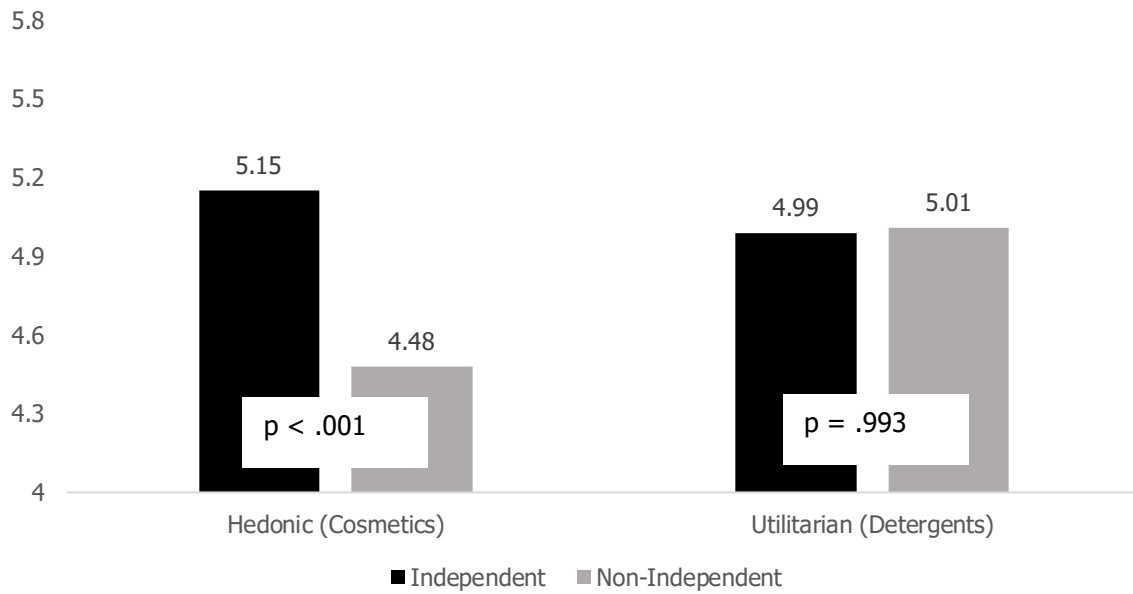
Lindt 

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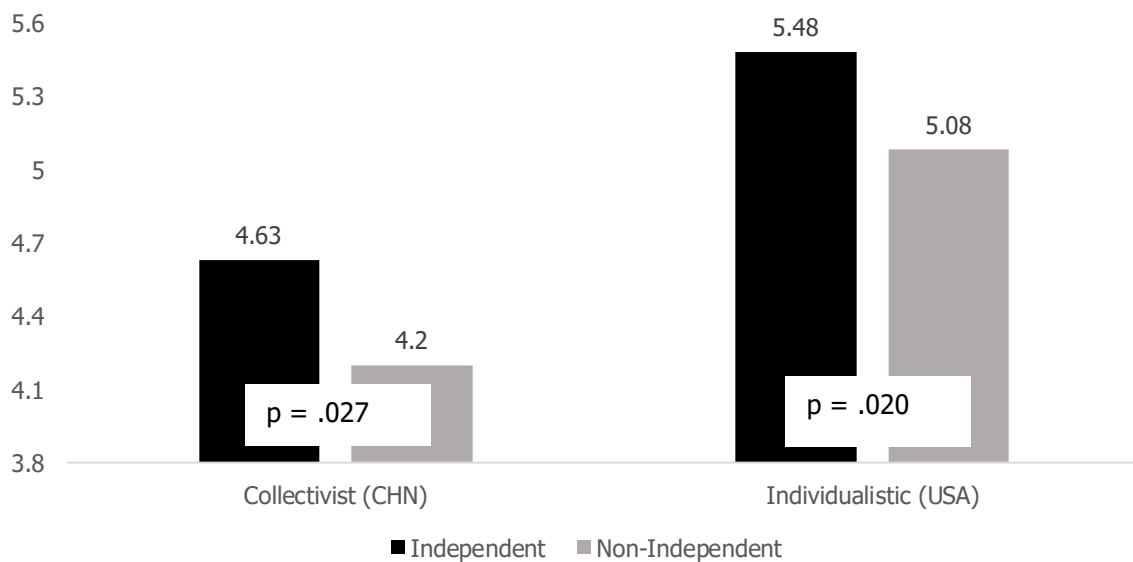
C. Mean Comparisons (Study 1)



**Perceived Warmth
(Firm type × Product category)**
 $F(1;352) = 8.775, p < .01$

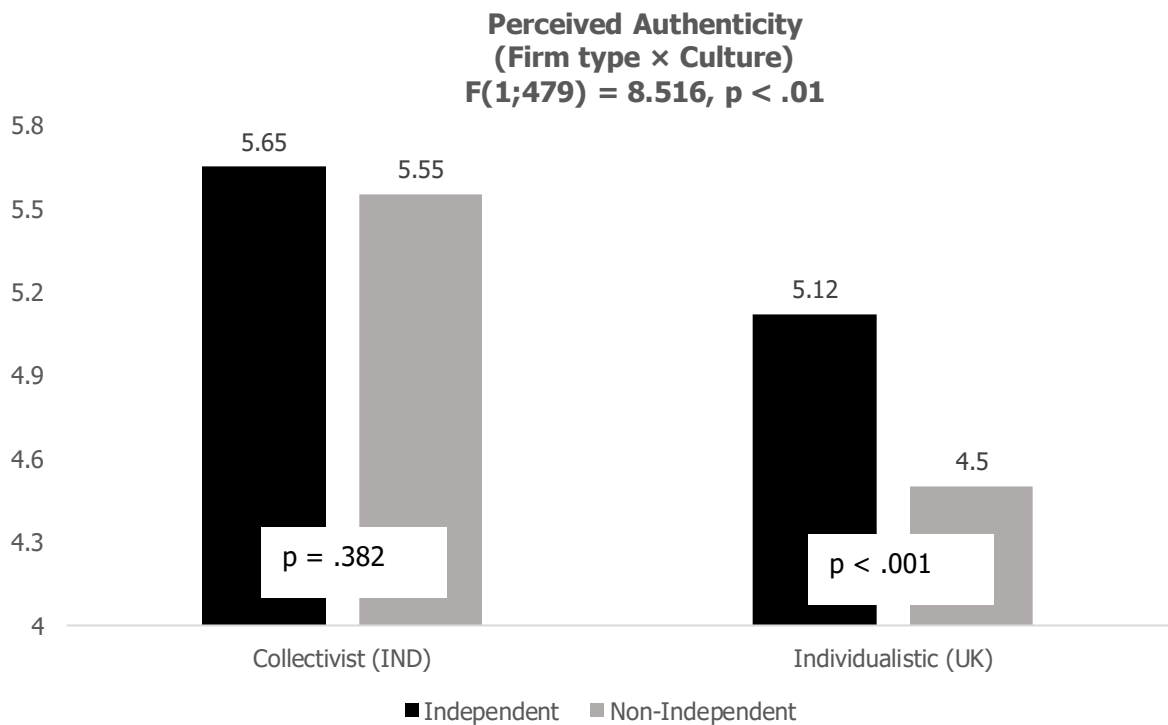
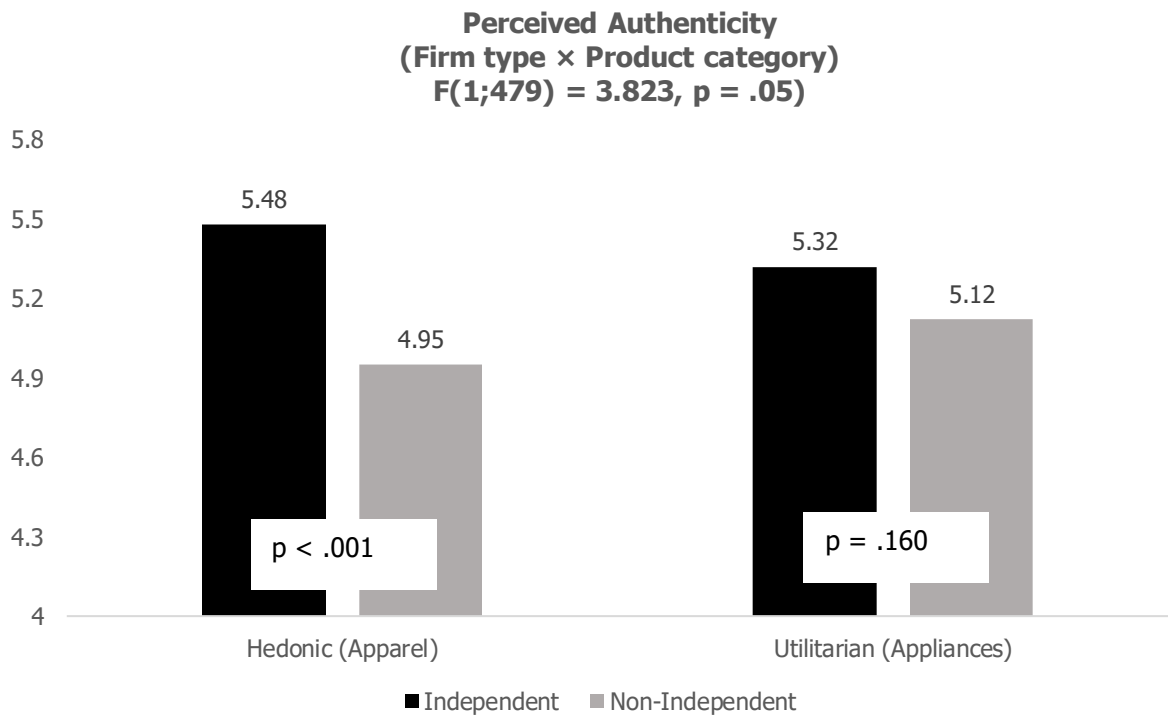


**Perceived Warmth
(Firm type × Culture)**
 $F(1;352) = .001, p = .973$

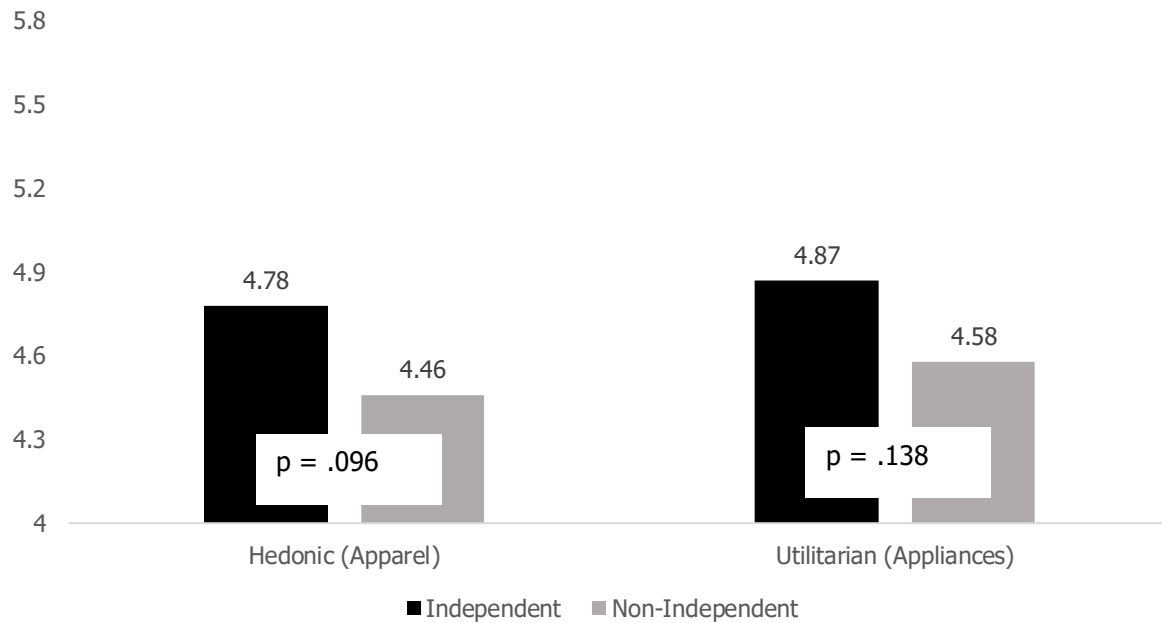


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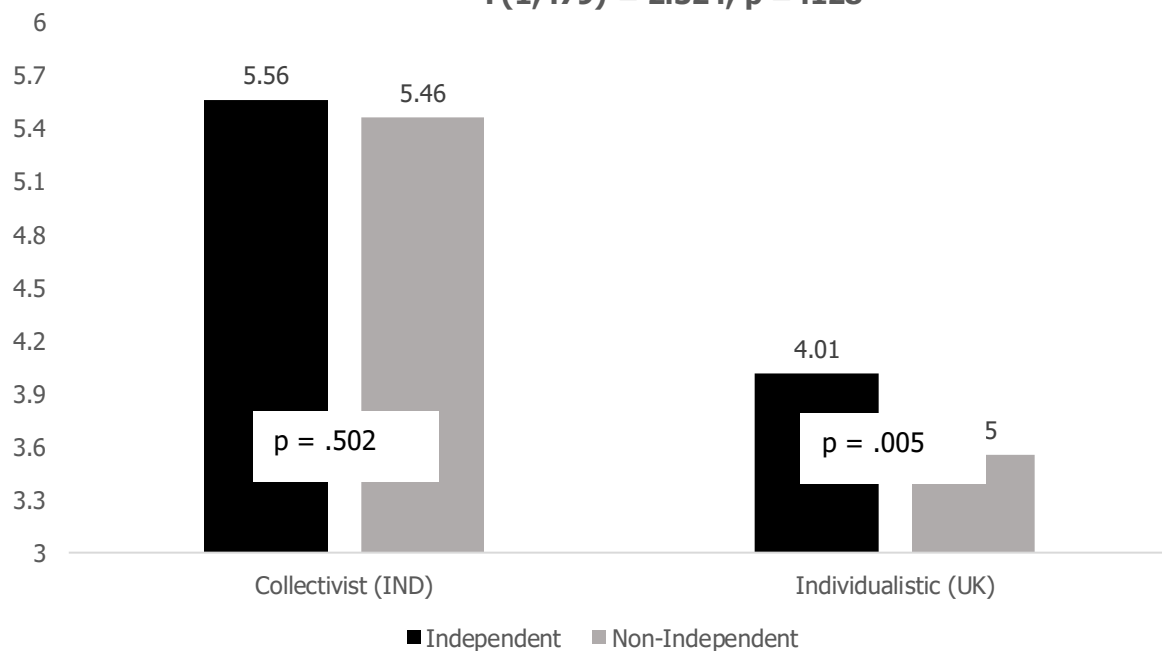
D. Mean Comparisons (Study 2)



Perceived Warmth
(Firm type × Product category)
 $F(1;479) = .002, p = .969$



Perceived Warmth
(Firm type × Culture)
 $F(1;479) = 2.324, p = .128$



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3 **E. Robustness checks (Study 2)**
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8 In order to test the robustness of our findings, we conducted a series of additional analyses
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10 with two objectives. The first objective was to test the replicability of the effects using
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12 alternative operationalisations of the dependent variables. To achieve so, we conducted all
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14 three-way ANOVAs with the use of the sincerity dimension of the Napoli et al.'s (2014)
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16 authenticity scale as well as with two scales which have been used in prior literature to
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18 measure product/brand warmth: one from Stokburger-Sauer et al. (2012) and one from
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20 Davvetas and Halkias (2019) to capture the notion of warmth as originally conceptualized by
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22 the Stereotype Content Model (Fiske et al. 2002). The results support the stability of our
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24 effects as both the ANOVA results and the planned contrasts reveal the exact same effect
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26 structure obtained with the scales used in the original analysis. Thus, firm independence
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28 seems to influence authenticity and warmth in the hypothesized direction regardless of the
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30 operational instrument used to capture these concepts.
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35 The second objective was to rule out two alternative explanations for the observed
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37 effects. One could argue that our manipulations of firm independence might also trigger
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39 perceptions of product globalness or foreign/domestic firm origin which could, in turn,
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41 represent rival explanations for our effects. The first rival explanation would suggest that
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43 non-independent firms are more likely to be perceived as global and thus all recorded
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45 consumer responses are attributed to product globalness instead of firm independence.
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47 Indeed, this appears to be a valid concern given the global presence of most multinationals
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49 and their acquired brands. The second (related, yet distinct) rival explanation refers to the role
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51 of firm origin and suggests that respondents might have perceived the independent firm as a
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53 domestic firm because most of the independent companies tend to start as regional or local
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55 players. To rule out these alternative explanations, we conducted all analyses (ANOVAs and
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moderated mediation analyses) using the measures of perceived firm globalness and perceived domestic firm origin as covariates on the dependent variables. Across the board, the results show that the inclusion of these measures (1) does not render the effect of firm type on authenticity, warmth and purchase intent insignificant, (2) does not affect the results of planned contrasts testing the moderating effects of product category and culture, and (3) in some cases, it even leads to stronger effect size estimates for the firm independence manipulation. As a result, these additional analyses provide evidence to suggest that firm independence has distinct effects on product responses from firm globalness or domesticity (which is also supported by the fact that typical examples of “indie” firms include born-global companies or firms which take pride in their foreign origin). Although we do not report the exact figures of the robustness check analyses in text due to space constraints, they are available upon request from the authors.

F. Descriptive statistics and correlations across studies

Study 1

Construct	Mean (SD)	1	2	3	4
1. Perceived Firm Independence	4.45 (2.60)	1			
2. Product Authenticity	4.84 (1.24)	.099 (p=.060)	1		
3. Product Warmth	4.91 (1.27)	.218 (p=.000)	.625 (p=.000)	1	
4. Purchase Intention	5.02 (1.30)	.160 (p=.002)	.546 (p=.000)	.486 (p=.000)	1

Study 2

Construct	Mean (SD)	1	2	3	4
1. Perceived Firm Independence	4.35 (2.04)	1			
2. Product Authenticity	5.22 (1.08)	.170 (p=.000)	1		
3. Product Warmth	4.68 (1.53)	.059 (p=.196)	.648 (p=.000)	1	
4. Purchase Intention	5.31 (1.18)	.122 (p=.007)	.638 (p=.000)	.638 (p=.000)	1

Study 3

Construct	Mean (SD)	1	2	3	4
1. Perceived Firm Independence	5.32 (1.63)	1			
2. Product Authenticity	4.92 (1.12)	.176 (p=.009)	1		
3. Product Warmth	4.23 (1.38)	.069 (p=.310)	.378 (p=.000)	1	
4. Purchase Intention	4.79 (1.38)	.021 (p=.757)	.432 (p=.000)	.515 (p=.000)	1