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# The interplay between country stereotypes and perceived brand globalness/localness as drivers of brand preference

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## ABSTRACT

This paper integrates country-of-origin and global/local branding literatures to investigate how country- and brand-specific factors influence consumer preferences. Drawing from the stereotype content model (SCM) in social psychology, it operationalizes country perceptions by means of warmth and competence judgments and juxtaposes them with consumers' perceptions of brand globalness and localness to predict brand attitudes and subsequent purchase intentions. An empirical study involving a series of well-known brands from different countries and product categories shows that (a) the SCM can effectively capture country-of-origin effects, (b) judgments of competence impact consumer preferences above and beyond the positive effects of brand globalness and localness, and (c) country stereotypes (particularly the dimension of warmth) interact with perceptions of brand globalness in determining brand attitude, whereas perceived brand localness has an independent effect. Theoretical and managerial implications of the findings are discussed and directions for future research identified.

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## 1. Introduction

Consumers in today's globalized marketplace make purchase decisions over a multitude of brands, which typically vary both with regard to their market presence and availability and with regard to their national origin. Accordingly, international marketing managers have been trying to capitalize on their brands' global reach and localness associations as well as on favorable country-of-origin (COO) perceptions in order to leverage brand equity. At the same time, international marketing researchers have been focusing on clarifying how consumer preferences are differentially influenced by a brand's global/local nature (Steenkamp, Batra, & Alden, 2003) and/or its COO associations (Herz & Diamantopoulos, 2013). This increased academic and managerial interest has generated two main streams of inquiry in international marketing, namely, global/local branding and COO research.

Global/local branding research revolves around the implications of a brand's global or local nature. Global brands are brands having "global awareness, availability, acceptance and desirability, and are often found under the same name with consistent positioning, image, personality, look, and feel in major markets enabled by standardized and centrally coordinated marketing strategies and programs" (Özsomer &

Altaras, 2008, p. 1). Local brands, on the other hand, are defined as brands "only available in a specific geographical region" or a "concentrated market" (Dimofte, Johansson, & Ronkainen, 2008, p. 120). This stream of research suggests that brand globalness associations strengthen brand preference by boosting consumers' perceptions of quality, prestige, and credibility (Özsomer, 2012; Steenkamp et al., 2003), while brand localness associations create brand value by building on the local identity, supporting the local culture, and adapting the brand to local tastes and needs (Özsomer, 2012; Schuiling & Kapferer, 2004).

COO research, on the other hand, focuses on the potential benefits a brand can draw through its association with a particular country of origin, regardless of whether this country is the actual country of manufacture (Jaffe & Nebenzahl, 2006). Several studies demonstrate that products and brands, which are essentially identical in every aspect may be rated differently depending on their origin; a phenomenon referred to as the COO effect (Wilcox, 2015). In general, COO research indicates that brand responses tend to be influenced according to the valence of the perceptions consumer attach to the corresponding country of origin (Maheswaran & Chen, 2009).

Recent debate in international marketing literature raises concerns whether both of these research streams are indeed useful in explaining and predicting brand preference. On the one hand, COO critics argue that COO has lost its importance in a globalized marketplace. For instance, Usunier (2006, p. 61) argues that the "COO effect is no longer a major issue in international marketing operations: multinational production, global branding, and the decline of origin labelling in WTO rules tend to blur the COO issue and to lessen its relevance." Moreover, COO research has been criticized for lacking a solid theoretical

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background (Usunier & Cestre, 2008) and for being “generally void of meaningful managerial guidelines” (Samiee, 2011, p. 473). On the other hand, some authors challenge the notion of universal and unconditional global brand preference (Riefler, 2012), while others suggest that the COO is a salient factor in consumer evaluations even in an era of global brand prevalence (Wilcox, 2015). Indeed, there is evidence showing that COO might play an even stronger role than brand globalness in determining brand evaluations (Sichtmann & Diamantopoulos, 2013). Overall, this debate brings about an unresolved research issue of considerable theoretical and managerial relevance. Theoretically, it challenges two well-established areas in international marketing research and calls for an integrative approach that focuses on investigating their *relative* contribution in explaining consumer behavior. From a practitioner standpoint, this debate complicates managerial decision making as it puts into question investments in brand building strategies anchored either on globalness/localness or COO associations.

The present paper aims at throwing light on the above debate by simultaneously investigating the effects of brand- and country-specific factors as drivers of brand preference. By juxtaposing global branding and COO literature, it tries to (a) establish whether brand globalness/localness and country stereotypes are both relevant in predicting brand preference, (b) identify which of the two is more influential in the presence of the other, and (c) explore whether there is an interaction between the perceived globalness/localness of the brand and the stereotype associated with the brand origin. To this end, the study develops a conceptual model incorporating variables capturing the global/local nature of a brand – namely, *perceived brand globalness* (PBG) (Steenkamp et al., 2003) and *perceived brand localness* (PBL) (Swoboda, Pennemann, & Taube, 2012) – and juxtaposes them with stereotypical beliefs about the brand's origin captured by the dimensions of *competence* and *warmth* of the stereotype content model (SCM) (Fiske, Cuddy, Glick, & Xu, 2002). The proposed model is empirically tested using several well-known brands from different countries and product categories.

From a theoretical perspective, the present study contributes to international marketing literature by bringing together two parallel research streams and examining the impact of COO stereotypes, perceived brand globalness/localness on brand attitudes and, ultimately, purchase intentions. As such, it offers evidence regarding the relative strength of these constructs as drivers of brand attitude, thus highlighting the relevance of the respective theoretical domains. Moreover, by approaching the COO construct through the lenses of the SCM, the study contributes toward a more theoretically driven investigation of COO effects, commonly criticized for lacking substantive theoretical backing (Samiee, 2011; Usunier & Cestre, 2008). Importantly, to the best of our knowledge, this study represents the first empirical attempt to explore the potential interplay between stereotypical judgments of the brand origin and consumers' perceptions of the globalness/localness of a brand. As such, it offers important insights on the potential synergistic role of country- and brand-specific characteristics and, especially, how perceptions of warmth and competence of the brand origin may interact with perceived brand globalness and/or localness to determine brand preference.

In managerial terms, the findings offer important implications on the effectiveness of brand globalness, localness, and country stereotypes as alternative bases of strategic brand positioning. This is particularly relevant for brands that have the capability to exploit more than one of the above options but lack relevant evidence as to which alternative would yield better results. For example, Toyota is a brand which, in the US market, could potentially benefit from all three positioning options. Specifically, it could be effectively positioned by (a) promoting its worldwide availability and demand (*globalness*), (b) highlighting its ties with the American communities through employing local employees for its US-based factories (*localness*), or (c) emphasizing its Japanese origin, which is associated with high efficiency and technological competence

(*competence-based country stereotype*). The research provides empirical insights into the potential effectiveness of these alternative options, thus assisting positioning strategy decisions. It also provides insights about which strategies might be most appropriate for brands with different origins and suggests that positioning the brand as global might not be equally effective across countries with diverse stereotype contents in terms of warmth and competence.

## 2. Conceptual model and research hypotheses

To build the conceptual model, the paper first develops hypotheses regarding the influence of brand-specific factors (i.e., perceived brand globalness and localness) and then discusses the hypothesized effects of country-specific factors based on the two SCM dimensions (i.e., warmth and competence). As Fig. 1 illustrates, the study considers the simultaneous effects of all these factors on brand attitude and through it on brand purchase intentions.

### 2.1. Brand-specific factors: perceived brand globalness and perceived brand localness

Perceived brand globalness is defined as the extent to which “consumers believe that a brand is marketed in multiple countries and is recognized as global in these countries” (Steenkamp et al., 2003, p. 54). Brand globalness has become a prominent construct in branding research following the decision of many international companies to disengage from their multidomestic local brand focus and turn to the development of global brands (Schuiling & Kapferer, 2004). Beyond the significant supply-side benefits of a streamlined global brand portfolio (e.g., extensive economies of scale, standardized operations, marketing, and R&D synergies), global brands have been found to enjoy strong consumer interest, thus rendering global availability an important source of competitive advantage (Steenkamp & de Jong, 2010).

Global brands have been consistently associated by consumers with (a) strong functional value, (b) enhanced symbolic benefits, and (c) identity-expressing capabilities. Consumers perceive global brands as brands of high quality (Özsomer, 2012; Steenkamp et al., 2003; Swoboda et al., 2012). These perceptions are based on consumer inferences regarding global brands' ability to successfully satisfy worldwide demand (Holt, Quelch, & Taylor, 2004). Moreover, the standardized character of many global brands, their long-term brand investments, as well as their need to sustain a worldwide reputation operate as credibility signals, which subsequently reduce consumers' perceived risk (Özsomer & Altaras, 2008). At the same time, global brands are seen as sources of symbolic values such as status, prestige, social approval, excitement, and modernity (Özsomer, 2012; Steenkamp et al., 2003). In this context, Dimofte et al. (2008) describes an affective component in consumers' preference for global brands, which relates to the positive feelings global brands generate to consumers, while Swoboda et al. (2012) find evidence of emotional value associated with global retailers. Recent research has also revealed a novel, identity-based function of global brands, whereby consumers view global brands as vehicles to express a modern self-image, promote themselves as global citizens, and signal a cosmopolitan identity to their reference groups (Strizhakova & Coulter, 2014; Xie, Batra, & Peng, 2015). Along these lines, global brand possession provides access to the “global myth” (Holt et al., 2004) and opens a pathway of belongingness to the global consumer culture (Alden, Steenkamp, & Batra, 2006).

Through all these influences, global brands enjoy positive consumer responses, ranging from positive brand attitudes to increased tolerance toward global brand price premiums (Davvetas, Sichtmann, & Diamantopoulos, 2015). It is, thus, expected that strengthening brand globalness perceptions will result in more favorable brand attitudes. In addition, as Chaudhuri and Holbrook (2001) argue, positive overall evaluations of a brand should then positively contribute to the behavioral intention for that particular brand. Therefore, it is predicted that

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