A Cross-Cultural Study of the Antecedents of Brand Credibility

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Brand credibility is a key concept in understanding brand choice and brand equity formation. Erdem, Swait and Valenzuela (2004) studied the impact of brand credibility on consumer choice in a cross-cultural setting, and found that, although brand credibility effects are universal, the mechanisms through which brand credibility operates differ across cultures. Focusing on the antecedents of brand credibility in such a context, we found here that the cross-cultural constructs of uncertainty avoidance, collectivism/individualism, and power distance explain differences in the relative importance of marketing-mix consistency versus brand investments on brand clarity perceptions. Results have implications for global brand equity management.

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SESSION OVERVIEW

One of the most difficult choices that multinational corporations face is deciding whether to standardize their communication strategy or to customize it to the taste of consumers in different cultural settings. As new global markets emerge, and existing markets become increasingly segmented along ethnic or subcultural lines, the need to market effectively to consumers who have different cultural values has never been more important (Shavitt, Lee, and Torelli 2008). Linking a brand to the multiple, and sometimes dissimilar, valued states and identity concerns of consumers in multi-cultural environments is becoming an increasingly complex task. To succeed in this endeavor, branding professionals need to identify the types of brand associations that are more likely to appeal to consumers in global markets. What brand characteristics do consumers with different cultural orientations prefer? What brand signals are more likely to positively impact brand credibility in multi-cultural settings? Do some consumers have a more positive attitude toward global brands than others? And if so, who are these consumers? This symposium unites under a common theme of providing insights on some of the factors that impact brand preferences and the formation of brand attitudes in globalized economies.

The first paper by Torelli et al. examines the relationships that multicultural consumers establish with their brands. The authors integrate past research on the human characteristics associated with brands (Aaker 1997) with that on the universals of human values (Schwartz 1992) and on cross-cultural differences in the relative importance of values (Triandis and Gelfand 1998), to develop a measure of the values that multi-cultural consumers associate with their brands (brand values scale or BVS). Based on the notion that consumers prefer brands with characteristics congruent with those that describe them (Malhotra 1988), they further predict cross-cultural patterns of brand preferences. Results from four studies, using multi-country samples of consumers, show that the BVS is a reliable and cross-culturally general measure of brand value associations. The findings also suggest that the cultural dimensions of vertical-horizontal, individualism-collectivism predict consumers’ preferences for brands associated with culturally-congruent values. This research not only provides a cross-culturally general measure of brand representations, but shows the effect of cultural factors on brand preferences.

The second paper by Erdem, Swait, and Valenzuela explores cross-cultural differences on the antecedents of brand credibility. The authors suggest that in cultures that legitimize status differentials among their members (i.e., high-power distance), brand investments may be relatively more important for creating brand credibility. This is because the commitment that is signaled by this type of branding effort can help to mitigate the general distrust of authority in these cultural environments. In contrast, in cultures that foster the subordination of individual goals to the goals of the ingroup (i.e., collectivism, Triandis & Gelfand, 1998), or in those in which their members exhibit high levels of risk aversion (i.e., high uncertainty avoidance, Hofstede 1980), consistency in the marketing mix (e.g., price and distribution) may lead to higher levels of brand credibility. This is because brand consistency reduces ambiguity and increases the strength of brand-group connections. A survey including brands from two different product categories (juices and PCs) and administered in 5 different countries provided empirical evidence for the predicted relationships.

This stream of research provides further insight into the effects of cultural factors on the formation of brand credibility judgments.

The final paper by Zhang and Khare enhances our understanding of the effects of the self-identity concerns of global consumers on brand preferences. Arnett (2002) proposed that, in globalized economies, consumers can develop both a local identity, characterized by identification with people in one’s local community, and a global identity, characterized by a view of the self as a global citizen. Building on this pioneering work, Zhang and Khare argue that the chronic or temporary accessibility of a given identity leads to preferences for identity-congruent products (e.g., local products in the case of an accessible local identity and vice versa). In three studies, the authors develop a reliable scale to measure consumers’ local-global identity and provide evidence for the hypothesized patterns of brand preferences. This research reinforces the notion that consumers appropriate brand meanings for constructing their individual identities (Escalas and Bettman 2005), and that these identities can include a more homogeneous view of the world. It also helps to reconcile the debate on whether consumers prefer global or local products and whether markets should adopt a globalized or localized marketing strategy.

This session discusses very important issues in global branding and has a great potential to inform branding researchers about the factors that impact brand preferences and the formation of brand attitudes in globalized economies. We anticipate this session will attract not only those interested in global branding issues, but those interested more generally in cross-cultural consumer behavior. Debbie John, an expert in branding, will integrate the implications of the three streams of research and provide a roadmap for future research about the effect of cultural factors on branding decisions.

EXTENDED ABSTRACTS

“A Measure of Brand Values: Cross-Cultural Implications for Brand Preferences”

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Sergio Carvalho, University of Manitoba, Canada
Hean Tai Keh, Peking University, China
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Globalization is perhaps the most important macro trend affecting marketing (Goldsmith 2004). As new global markets emerge, and existing markets become increasingly segmented along ethnic or subcultural lines, the need to market effectively to consumers who have different cultural values and who pursue contrasting self-identity goals has never been more important (Shavitt et al. 2008). Past research suggests that one fruitful approach for identifying the types of brand representations that are more likely to appeal to consumers with different value priorities is studying the degree to which consumers’ enduring human characteristics match those that describe the brand (Malhotra 1988). Within this approach, it is critical to understand the human characteristics that consumers associate with their brands.

Consumers frequently think about brands as entities associated with a set of human characteristics (e.g., personal values or traits, see Aaker 1997), and as relationship partners with whom they establish and maintain social interactions that resemble in many
respects those between social partners (Fournier 1998). Understanding which consumers like which brand characteristics better is a key issue when trying to position brands in the right spot in consumers' minds. Past research has tried to identify a set of personality dimensions that can capture the different traits that consumers attach to brands (e.g., sincerity, excitement, competence, sophistication, and ruggedness, Aaker 1997) and to use these dimensions for identifying the kind of people who prefer brands associated with different traits (e.g., Aaker 1999). In this research, we extend existing work in brand personality and argue for studying the human values that people with different cultural values associate with consumer brands.

Traits and values are two distinct elements of personality and each can predict different sorts of behavior (McClelland 1951). Values are enduring goals that people wish to pursue. Extensive research has established a theory and measurement of values in over 200 samples in more than 60 countries from every inhabited continent (Schwartz 1992). Consumer values play an important role in understanding behavior in the marketplace and models linking product attributes to values are widely used by marketing practitioners (e.g., means-end chain, Gutman 1982). In the four studies reported here, we developed a reliable measure of the human values that people from different cultural settings associate with their brands, or the brand values scale (BVS). These studies also show the validity of this measure to predict cross-cultural patterns of brand preferences. To develop our framework, we integrate past findings in brand personality research with those from research about the universals of human values (Schwartz 1992) and about cross-cultural differences in the relative importance of values (Triandis and Gelfand 1998).

In study 1, we explored the structure and reliability of the BVS using data from a multi-country sample of consumers (from Canada, the U.S., China, and Turkey) who rated a variety of local and foreign brands in terms of the values associated with these brands. The findings, using both exploratory factor analysis and multidimensional scaling, suggested that the same 10 value dimensions identified in past research on the importance of human values can be used to describe the values associated with consumer brands (power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security).

Study 2 was set up to further assess the psychometric properties and structure of the BVS by performing a confirmatory factor analysis on data from a second multi-country sample of consumers (from the U.S., China, Norway, Brazil, and Turkey) who rated the values associated with a variety of brands. The results suggested that a model with 10 intercorrelated factors offered the best fit to the data. Although the BVS did not show the same circular structure of relationships found using ratings of the importance of values as guiding principles in people's lives (e.g., Schwartz 1992), there was evidence that a structure of opposing individual (self-direction, stimulation, hedonism, power, and achievement) and collective values (universalism, benevolence, tradition, conformity, and security) offered a reasonable fit to the data. Congruent with past findings about the importance of personal values, brands that are perceived high in 'individual' concerns such as 'power' or 'achievement' tend to be perceived low in 'collective' concerns such as 'universalism.' However, we did not find evidence for the moderate correlation between contiguous value dimensions representative of 'individual' and 'collective' concerns that a circular structure would suggest (e.g., between universalism and self-direction, or between power and security). This may be attributed to brand images in memory that blend elements from different value domains without the rigid constraints that emerge from value priorities.

Studies 3 and 4 showed the validity of the brand values scale for predicting cross-cultural patterns of brand preferences. Using a multi-country sample of consumers (from the U.S., Canada, Norway, Brazil, Turkey, and China), we found that the cultural dimensions of vertical-horizontal, individualism-collectivism predicted consumers' preferences and attitudes toward brands associated with culturally-congruent values. For instance, horizontal collectivism predicted a higher preference for brands associated with universalism values and a more positive attitude toward brands that embody these values.

This research introduces brand values as an important construct to better understand the relationships that multicultural consumers establish with their brands. The findings here are invaluable for branding professionals interested in assessing the degree to which brand associations match intended positions congruent with culturally-important values in a particular market. The findings here also carry important implications for brand extension research. Parent brands associated with values that may be incongruent with those needed to succeed in a different category (e.g., a benevolent brand trying to launch a hedonistic product) may be better off by avoiding the launch of a brand extension, as this could cause dilution of the associated values. These are just some illustrations of how brand values can be used to extend our understanding of global branding phenomena.

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Brand credibility is a key concept in understanding consumers' behavior towards brands, as well as the formation and management of brand equity (Erdem and Swait 1998). Erdem, Swait and Valenzuela (2004) studied the impact of brand credibility on consumer choice in a cross-cultural setting and found that although the existence of brand credibility effects is seemingly generalizable, the mechanisms through which brand credibility operates have some differences across countries with different 'macro' cultural characteristics. In this paper, we focus on the antecedents of brand credibility in such a context. More specifically, our theoretical framework suggests that there are two exogenous antecedents to brand credibility: Consistency among the marketing mix elements and absolute brand investments. Clarity, on the other hand, affects brand credibility as a mediator for both brand investments and consistency. Specifically, this research answers the empirical question of whether the relative total impact of brand investments versus consistency on brand credibility vary depending on the cultural constructs of collectivism/individualism, uncertainty avoidance, and power distance.

We conducted our analysis using survey and experimental data from two different product categories: orange juice and personal computers. We chose these product categories because they represent categories that are respectively low and high in involvement, search costs, and risk. Data on consumer brand perceptions, brand credibility judgments, and cultural dimensions were collected from subjects in Brazil, Germany, India, Japan, Spain, Turkey, and the United States. We chose these countries to vary along Hofstede's (1980) cultural dimensions of individualism/collectivism, power distance, and uncertainty avoidance, that past research has linked to cross-cultural patterns of brand perceptions and choices. We investigated the role of these cultural dimensions as potential moderators of the process that underlies the formation of brand credibility judgments. All subjects in our studies were undergraduate students in business schools (except for about half of
the Brazilian sample, who were undergraduate students in engineering) who participated in exchange for course credit. The results provided strong empirical evidence for the conceptual framework proposed by Erdem and Swait (1998) across countries.

More specifically, we investigated the impact of uncertainty avoidance, collectivism-individualism, and power distance on the relative importance of consistency and brand investments on the formation of brand credibility judgments. We expected the impact of consistency on clarity and, as a result, on brand credibility to be relatively more important in collectivistic cultures that foster the subordination of individual goals to the goals of the ingroup. This is because brand consistency reduces ambiguity and increases the strength of the connection between the brand and the reference group. We also expected the impact of brand consistency on clarity to be more important in cultures whose members exhibit high uncertainty avoidance since lack of ambiguity reduces consumers’ perceived risk when they use the brand to make inferences. In contrast, we expected that in cultures that legitimize the existence of status differentials among their members (i.e., high-power distance cultures), brand investments may be relatively more important for creating brand credibility. This is because the commitment that is signaled by this type of branding effort can help to mitigate the general distrust of authority in these cultural environments. On a side note, heavy brand investments may also create a signal of status or prestige (Steenkamp, Batra and Alden 2003), which is also highly valued by consumers from cultures that rate high in power distance.

Overall, empirical results supported our expected patterns. First, results were consistent across the two product categories under study (PC and juice). Second, Germany and U.S. usually formed one cluster, while Brazil, Spain, and Turkey formed a second cluster (except in the case of power distance where the second cluster included India, Brazil, and Spain). In other words, Brazil, Spain, and Turkey represented both the high collectivism and high uncertainty avoidance cluster, with a higher percentage-wise consistency effect, whereas, Germany and US represented the high individualism/low uncertainty avoidance cluster, with a lower percentage-wise consistency effect. In the case of power distance, country-clusters changed slightly: Japan, the U.S., and Turkey represented the high power distance cluster, with a higher percentage-wise investment effect, whereas India, Brazil, and Spain represented the low power distance cluster, with a lower percentage-wise investment effect (Germany being an outlier).

These findings have important managerial implications. First of all, companies have to understand what elements in their branding strategy have the higher effect on consumers’ perceptions of whether the brand signal is clear or not and, as a result, credible or not. Consumers who need brands to become unambiguous signals of either group identity or just risk-less inference making would heavily base their credibility judgments on how consistent the branding strategy is. In contrast, when brands are generally not trusted, strong brand investments may be necessary to establish the commitment of the company to the brand. In this context, companies should adjust their branding strategies by country according to overall cultural differences in consumers’ brand credibility formation processes. Companies could also execute communication campaigns that reinforce the consistency over the years of brand messages (e.g., using a “now and forever” type of message) or the company’s commitment to support the brand with strong investments (e.g., using a “commitment to excellence” type of message) in order to match cultural beliefs and values in their markets. Finally, the consistency of brand extensions should be very carefully assessed in categories where either risk or collective identity matters.

“Consumers’ Local-Global Identity: Measurement”
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With rapid globalization, local and global products are routinely pitted against each other. While global products are growing stronger (Alden, Steenkamp, & Batra 1999), local products are also successfully competing against global products (Parmar 2004; Rigby & Vishwanath 2006). Consider for instance the success of two local colas, Mecca Cola in France and Fei-Chang Cola in China, against the two global colas, Pepsi and Coke. There appear to be both local and global leanings in consumers’ product judgments. Mindful of such influences, marketers have tried to devise suitable positioning strategies for their products. Take for example GM’s marketing of its Buick Minivan in China as a local rather than a global product (Fairclough 2006), or P&G’s marketing of its products as global in Asia and Europe stressing that consumers around the world are being offered the same products (Sexton 2004).

These market trends mirror prior research results that are divergent. While some authors (e.g., Alden et al. 1999; Batra et al. 2000) indicate that consumers like a global product more than a local product, others find just the opposite effect (e.g., De Mooij 1997; Shimp & Sharma 1987). We believe that an unexamined factor in these studies may be the degree to which consumers identify as local versus global citizens, which may help to explain the divergent findings. For instance, in the survey conducted by Batra et al. (2000), it is possible that the global identity of participants from urban regions may have been salient and led to preferences of global over local products. Similarly, in the survey conducted by Shimp and Sharma (1987) among consumers from small- to medium-sized U.S. cities, it is possible that a salient local identity led to preferences of local over global products.

Based on Arnett’s (2002) research on the psychology of globalization, we reason that the accessibility of consumers’ local versus global identity is a key factor for understanding their preferences for local versus global products. Throughout the discussion, we consider local products as those tailored-made for local markets, and global products as those made with the same specifications for consumers from around the world (see Steenkamp et al. 2003). We build on the notion that consumers tend to evaluate identity-consistent information favorably (e.g., Reed 2004, Wheeler, Petty, & Bizer 2005) and suggest that consumers with an accessible global identity should prefer a global (vs. a local) product more as it may reinforce their sense of being cosmopolitan. In contrast, consumers with an accessible local identity should prefer a local (vs. a global) product more as it may reinforce their sense of being connected to their local community.

In a series of three studies, we developed a reliable and valid scale to measure the construct of local-global identity, and demonstrated its ability for explaining consumers’ preferences between local and global products. More specifically, our findings provide evidence for identity-consistent product preferences such that consumers high on local (global) identity scores tend to prefer a local (global) product over a global (local) one.

In study 1, using a sample of adult consumers in a Southwestern city of the U.S., we show that local-global identity is a two-dimensional construct. The corresponding sub-scales that measure local and global identity also show satisfactory reliabilities. A global identity is distinct from, and yet correlated with, attitudes toward global companies.

Study 2 further assessed the test-retest reliability and discriminant validity of the local-global identity scale. Both sub-scales show satisfactory test-retest reliabilities. Results also suggest that local identity is distinct from, and yet correlated with, consumer
ethnocentrism (Shimp & Sharma 1987). Both local and global identity measures are uncorrelated with measures of chronically accessible independent and interdependent self-construals (Singelis 1994). Finally, our findings suggest that local and global identities are two independent dimensions that measure distinct, yet possibly competing, desirable identity states.

In study 3, we show the predictive validity of the local-global identity scale and show that it can be used to predict consumers’ preferences for global or local products. Participants completed the local-global identity scale. In a separate session, they were primed with either a local or a global identity and subsequently indicated their favorability toward a local and a global version of a palm pilot (order of presentation was counterbalanced). The results showed that both a temporarily and a chronically accessible identity predicted favorable attitudes for identity-congruent (vs. incongruent) products (e.g., more favorable attitudes toward local over global products when a local identity was accessible).

We believe that our research offers key theoretical contributions for globalization research and important implications for branding professionals. First, we advance the emerging literature on the psychology of globalization by empirically measuring the local-global identity construct. Extending the pioneering work by Arnett (2002), we developed a reliable and valid scale to measure the temporarily or chronic accessibility of consumers’ local and global identities.

Our findings also provide a theoretical explanation for the contrasting findings about the preferences for local over global products (or vice versa). We show that when a local (global) identity is more accessible consumers prefer a local (global) product to a global (local) one. Thus, our study provides a more parsimonious explanation for reconciling divergent patterns of brand preferences reported in past research. Lastly, our results have key implications for branding decisions. By understanding consumers’ accessibility of local-global identities, marketers may be better able to choose between local or global positioning strategies.

SELECTED REFERENCES

