The Globalness Route Toward Brand Equity: How Consumer and Brand Level Factors Change the Route to Success

Bernhard Swoboda, Trier University, Germany
Karin Pennemann, Trier University, Germany
Markus Taube, Mercator School of Management, Germany
Thomas Foscht, University of Graz, Austria

Perceived brand globalness and perceived brand localness serve as halos for brand equity mediated by hedonic and functional values and moderated by brands’ country-of-origin and consumers’ identity. For Chinese consumers Western and Mainland brands benefit from hedonic values, whereas Asian brands can only convince consumers by functional values.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1010100/volumes/v39/NA-39

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
The Globalness Route toward Brand Equity: How Consumer and Brand-Level Factors Change the Route to Success

Markus Taube, Mercator School of Management, Germany
Bernhard Swoboda, Trier University, Germany
Karin Pennemann, Trier University, Germany
Thomas Foscht, University of Graz, Austria

EXTENDED ABSTRACT

The objectives of the present study are to examine (1) how perceived brand globalness (PBG) and perceived brand localness (PBL) serve as halos for brand equity within the service sector (2) mediated by hedonic and functional values and (3) moderated by consumer and brand-level factors.

In the context of consumer products PBG is positively related to consumers' purchase likelihood via quality and prestige (Steenkamp, Batra and Alden 2003). However, results are not consistent (Dimoffe, Johansson and Ronkainen 2008) regarding the benefits of global brands. Retailing, for instance, is originally a local business. Thus, retailers are closer to the customer (Evans and Bridson 2005) and see the need for adaptation. Moreover, such local, adapted brands are perceived as higher in affinity and quality (Kapferer 2005).

We propose the indirect impact of PBG and PBL on brand equity mediated via hedonic and functional values (Sweeney and Soutar 2001). Values as a ratio of salient ‘give’ and ‘get’ components (Zeithaml 1988) are especially important within the service context (Sweeney and Soutar 2001). Due to their higher accessibility, hedonic (emotional) values especially are preferred (Feldman and Lynch 1988; Verplanken, Hofstee and Janssen 1998). Yet, choosing which route (functional and/or hedonic) toward brand equity is most beneficial depends on brand-level factors such as a brand’s country-of-origin and consumer-level factors like consumer identity (Zhang and Khare 2009).

Country-of-origin acts as a halo (Han 1989), which explains how consumers draw inferences from country image specific associations to an object from this country (e.g. products, brands). Quality beliefs (Han 1989) and social status (Batra et al. 2000; Ger and Belk 1996) are inferences drawn from country image and impact consumers in their evaluation of global and local brands.

Furthermore, we apply social identity theory (Tajfel and Turner 1979; Brewer 1991) to explore the moderating role of consumer-level factors. Consumers’ identity can be characterized as global or local and therefore evokes preferences for global or local brands due to identification reasons (Zhang and Khare 2009).

We collected consumer data (n=1188) nested in 36 service brands within China as an emerging market. Brands can be grouped according to their origin in Western, Asian and Chinese brands. The hypotheses are tested across three service industries, including fashion retailing, food retailing, and restaurants, assigning equally twelve brands per industry and brand origin to further increase the generalizability of results. We applied classical checks of validity, reliability, and measurement invariance. The model was conceptualized as a moderated mediation and attempted to explain how and when a given effect occurred (Preacher, Rucker and Hayes 2007). First, we estimated the structural model and then conducted the mediation analysis according the suggested procedure by Baron and Kenny (1986) and evaluated other plausible rival models. Finally, we performed two multi-group analyses using brands’ country-of-origin and consumer identity as moderators after splitting the sample according the moderators to finalize the moderated mediation.

Results show that PBG and PBL indirectly enhance brand equity and our study shows how. The results emphasize the mediating role of hedonic and functional values, whereby hedonic values, such as socio-emotional value, is a full mediator and functional value, such as quality value, plays a subordinate role as a partial mediator. Which route to success PBG and PBL take depends on brand as well as consumer-level factors.

The brands’ country-of-origin is relevant in the way brand equity is built in the consumers’ mind. For brands originating from (cultural) peripheral Asian countries, PBG instead of PBL is the primary driver for brand equity via socio-emotional value and quality value in a fully mediated causal chain. Surprisingly, these cultural peripheral brands cannot use their cultural affinity in terms of PBL. Besides, we find evidence that the path to brand equity is based on the functional component quality value, while the direct impact of socio-emotional value disappears. We conclude that cultural peripheral brands like Asian brands are purchased out of cognitive evaluation and without a direct affective appeal. Referring to consumer cultural theory (McCracken 1986) we conclude that brands originating from cultural peripheral countries do not match Chinese identity. This mismatch constrains the building of brand equity.

Brand equity of Western brands is primary driven by PBG fully mediated by socio-emotional value and partially mediated by quality value. Brand equity of Chinese brands is driven by PBL. We conclude that brands with a Western appeal and domestic brands carry cultural values that activate a direct affective impact on brand equity, which is just partially mediated via quality value.

Consumer identity impacts the way brand equity is built in consumers’ minds. PBG is the primary driver for brand equity when consumers’ identity is global. The mediating role of quality value varies upon the level of consumer identity. For local consumers, emotional appeals seem directly accessible and diagnostic to create brand equity – for global consumers the path to brand equity essentially leads via quality value.

For practitioners our results are useful in several aspects. It is obvious that Western retail brands, like French retail brand Carrefour, try to adapt to the Chinese environment. But it is also obvious that Western brands should not conceal their rather global identity due to the naturally competitive advantage of Asian and Chinese brands especially to deliver local cultural values. The recommended strategy is to leverage brand equity driven by PBG but also cater on the functional basis for specific needs; thus, do not import standardized concepts that ignore specific needs.

REFERENCES


