Consumers’ Global Versus Local Brand Choice in Foreign Contexts

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It is unclear what choices global travelers make (local/global brands) in categories for which the host nation is not renowned. We find that these choices are contingent upon consumers’ ethnocentrism and cosmopolitanism and their own country’s tradition in the category. Risk perceptions associated with local brands underlie the uncovered effects.

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EXTENDED ABSTRACT

Although there is a consensus in the literature that industries are globalizing and that consumer attitude and behaviors worldwide are homogenizing (Cleveland, Laroche, and Papadopoulos 2009, Steenkamp and Jong 2010), only limited research so far has followed the global consumer across national borders to examine brand preferences abroad. This research addressed the case of consumer brand choice in the context of travelers to a foreign destination, in particular the case of a host nation not known for any tradition in the respective product category and whose local brands therefore engender higher levels of perceived risk. We focus on a variety of origin specific (product ethnicity), consumer specific (cosmopolitanism vs. ethnocentrism), as well as situational variables (word of mouth) to determine if and when conditions consumers prefer local or global brands abroad. Importantly, this is the first research addressing these variables jointly.

The first study supports prior research on consumer ethnocentrism (Steenkamp, Batra, and Alden 2003) and cosmopolitanism (Cleveland et al. 2009, Riefler, Diamantopoulos, and Siguaw 2012) in finding that both types of consumers largely replicate their domestic choices when abroad. Ethnocentric consumers exhibit foreign product derogation even when traveling to foreign destinations, whereas cosmopolitan consumers in the same context display more interest in the products local to the host nation.

We extend these findings via the concept of product ethnicity (Roth and Romeo 1992, Usunier and Cestre 2007). In line with Dimofte, Johansson, and Ronkainen (2008), who show that consumers’ preferences for global versus local brands are partly determined by their ethnicity, we find that travelers whose home country is comparatively superior in that product category (i.e., has a high product country ethnicity) behave differently depending on whether their nation’s category expertise or tradition resides in its local or its global brands. In the former case, they act in line with ethnocentric consumers and prefer global brands to some other nation’s local brands. In the latter, they act in line with cosmopolitan consumers and give local brands a try. In a sense, it could be said that the former (latter) exhibit the behavior of individuals with more (less) of a global consumer culture (Alden, Dana L., Jan-Benedict E. M. Steenkamp, and Rajeev Batra (2006), “Consumer Attitudes Toward Marketplace Globalization: Structure, Antecedents and Consequences,” International Journal of Research in Marketing, 23 (3), 227-239.). Overall, the findings of study 1 suggest that global travelers’ choices can be predictably determined by specific variables such as product ethnicity, consumer ethnocentrism, and cosmopolitanism.

The results of the second study demonstrate that the initial inclinations are malleable and that brand managers possess tactical levers that can influence travelers’ choices in predictable ways. Importantly, we add to the mix situational variables such as word of mouth. We show that, among nations with a high product ethnicity, consumers who come from a nation with a local beer tradition (i.e., Belgium) will be more reluctant to try another nation’s products when traveling abroad compared to consumers from a nation with a global beer tradition (i.e., the U.S.).

Methodologically, the experimental scenarios employed for evaluating the hypothesized theoretical relationships ensured a conservative test of consumer preferences: unlike previous research, our studies allowed participants to assume idiosyncratic levels of brand globalness and local iconness, ensuring that choice was reduced to its most basic local-global dimension. Furthermore, given that most research on consumer cosmopolitanism has been qualitative in nature (e.g., Thompson and Tambyah 1999), we offer novel studies that contribute to the empirical validation of the construct (Cleveland et al. 2009, Riefler et al. 2012) in a setting that has not received much attention so far. In doing so, we also extend the application of the recently established product ethnicity construct (Usunier and Cestre 2007), which has been put forward as a promising construct for future research on country-of-origin effects (Usunier 2011).

In practical terms, the present research has clear and actionable implications for segmentation as well as marketing purposes of global and local companies. If the host nation does not have a tradition in a particular product category, foreign travelers will not be predisposed to choosing its local brands. This is particularly the case for travelers coming from nations that do have this tradition through strong local brands and for whom inferior foreign brands do not even enter the consideration set (i.e., they engage in overt avoidance behavior). However, for consumers hailing from nations with tradition through strong global brands or from countries of no particular tradition, the novelty of the host nation’s local brands is attractive enough as to create approach behavior and choice preference. Furthermore, local brand managers can take comfort in the knowledge that even consumers from nations of high product ethnicity in the category can be attractive targets for their brands when traveling. In general, these consumers are more open to local products, as long as there are no salient prompts that highlight the associated risks.

Brand managers should note that some of the often posed arguments for global brands—namely their importance for the global traveler (Nijssen and Douglas 2008)—have to be revised. Our research shows that consumers originating from a country with strong global brands (such as the U.S.) will be attracted by the novelty and variety local brands can provide. At the same time, global brand managers can count on two segments in particular—ethnocentrics and people originating from a country with a strong local beer tradition. Global brands stand for quality and ensure the same taste experience across all markets (Dimofte et al. 2008). Minimizing risk is particularly important for these two segments.

Finally, our research demonstrates how brand managers can shift these default choices through information cues that alter the risk perceptions associated with the local or global brands involved in choice. Although global brands feature higher equity and their attractiveness is more difficult to change, local brands can be reliably rendered more or less attractive via manipulated risk perceptions.

REFERENCES


