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How perceived brand globalness creates brand value

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Abstract
In today's multinational marketplace, it is increasingly important to understand why some consumers prefer global brands to local brands. We delineate three pathways through which *perceived brand globalness* (PBG) influences the likelihood of brand purchase. Using consumer data from the U.S.A. and Korea, we find that PBG is positively related to both perceived brand quality and prestige and, through them, to purchase likelihood. The effect through perceived quality is strongest. PBG effects are weaker for more ethnocentric consumers.
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Introduction

Frito-Lay recently changed its leading potato chip brand in the Netherlands from Smiths to Lay's in order to 'capture the affinity that an international brand generates' (Anonymous, 2001a, 72). This case is not unique. Many multinational corporations today are altering their brand portfolios in favor of *global* brands. For example, both Procter & Gamble (P&G) and Unilever have greatly pruned the number of brands they market around the world, often disposing of those with limited global potential (Pitcher, 1999). The telecom giant Vodafone is replacing local brand names by the global Vodafone name (Anonymous, 2001b). Although there is a dearth of formal definitions of *global brand* in the literature, it is commonly agreed that they are brands that consumers can find under the same name in multiple countries with generally similar and centrally coordinated marketing strategies (Yip, 1995; Branch, 2001).

Several reasons are offered for moves toward global brands. First, globalization can yield economies of scale and scope in R&D, manufacturing, and marketing (Yip, 1995). Second, its strategic appeal increases as meaningful segments of consumers around the world develop similar needs and tastes (Hassan and Katsanis, 1994). Third, globalization speeds up a brand's time to market by reducing time-consuming local modifications (Neff, 1999). Such arguments have been present in the literature for many years and are now widely accepted.

Recently, consumer preference for brands with 'global image' over local competitors, even when quality and value are not 'objectively' superior, has been proposed as a fourth reason for companies to move toward global brands (Shocker *et al.*, 1994;

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Kapferer, 1997). Research indicates that corporations take advantage of such image-enhancing effects by positioning brands as 'global' in their communications, using message elements such as brand name, logo, ad visuals and themes, etc. (Alden *et al.*, 1999). Although the belief that perceived brand globalness (PBG) creates consumer perceptions of brand superiority is widely asserted (e.g. Shocker *et al.*, 1994; Kapferer, 1997; Keller, 1998), it can be challenged. There is, for instance, the phenomenon of *consumer ethnocentrism* (CET), a well-established bias among many consumers in favor of home-grown products (Shimp and Sharma, 1987). There is also evidence that many consumers prefer brands with strong local connections (Zambuni, 1993), and this leads some to argue that consumers have no intrinsic preference for global brands, and that corporate enthusiasm on this front is misguided (De Mooij, 1998, 39).

Given this unresolved debate, there is clearly a need to investigate whether consumers prefer global brands and, if they do, the reasons (perceived higher quality, higher prestige, etc.) that underlie such a preference. In investigating the factors that may predict a preference for global brands over local brands, we hypothesize three pathways through which PBG creates additional brand value. Two of these pathways are posited to occur indirectly through the quality and prestige associations of PBG. The third pathway involves the direct effect of PBG on brand value. We focus on the consumer's likelihood of purchasing the brand as our measure of brand value or utility (Aaker, 1991). We therefore test the relative influences of quality, prestige and PBG *per se* on purchase likelihood. We also test a potential 'offsetting' strategy that local brands can pursue – positioning the brand as a local 'icon' of the country in question. In addition to examining these *main effect* relationships, we also study the moderating role of a key individual-difference variable: consumer ethnocentrism.

Research hypotheses

Manufacturers have *products* that are *internally* considered to be 'global' because they share similar technical specifications (Branch, 2001). However, the issue here is whether a brand benefits from *consumer perceptions* that it is 'global' – a perception that can be formed only if consumers believe the brand is marketed in multiple countries and is generally recognized as global in these countries. Such a perception can be formed in one of two ways. First, consumers may learn that the same brand is found in other countries, through media exposure (for example seeing the brand name in coverage of an overseas sports or concert event), word of mouth (friends or relatives returning from abroad passing on the news), or their own travel overseas. Second, a brand may assert or imply its 'globalness' even if it is not available worldwide, through marketing communications that use brand names, endorsers, advertising themes, packaging and other symbols widely associated with a 'modern', urban lifestyle (Alden *et al.*, 1999). The questions of interest here are *whether* consumer perceptions of brand globalness affect purchase likelihood, *why* (i.e., through which pathways), and for *whom* (i.e., are there moderating factors?).

Pathways through which perceived brand globalness affects purchase likelihood

We suggest that the appeal of global brands arises from three different but not mutually exclusive sources: higher perceived quality, higher prestige, and the psychological benefits of PBG *per se*. These sources of global brand appeal provide three pathways through which PBG can affect purchase likelihood: a direct effect, and indirect effects via brand quality and brand prestige (Han, 1990). Hypotheses about these pathways and other influencing factors follow. Figure 1 presents these relationships and hypotheses graphically.

Some authors have asserted that consumers may prefer global brands because of associations of higher *prestige* (Kapferer, 1997). As Kochan (1996,

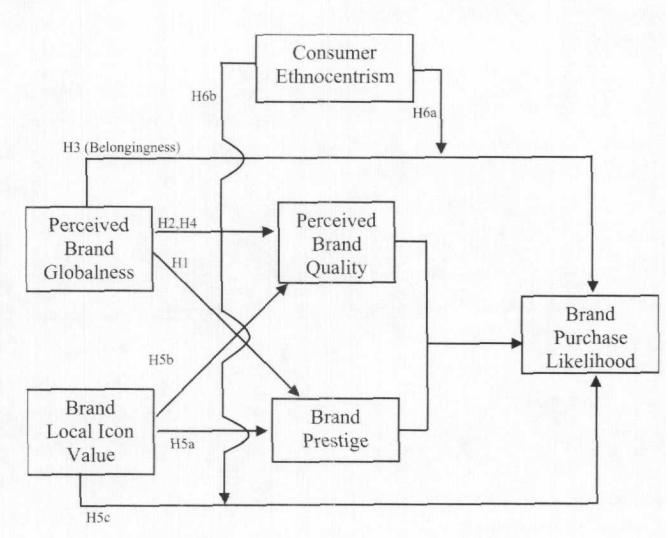

Figure 1 Conceptual model.

xii) notes, 'the brands most admired...are global brands.' If global brands have higher prestige, it could be because of their relative scarcity and higher price compared with local brands (Bearden and Etzel, 1982). Despite exceptions (Coca-Cola, for example), evidence indicates that global brands are typically more scarce and more expensive than local brands (Batra *et al.*, 2000). It is well established that higher price and greater scarcity create greater aspirational, prestige appeal (e.g. Bearden and Etzel, 1982). Global brands may also connote *cosmopolitanism* (Thompson and Tambyah, 1999). Certain consumers are said to buy global brands to enhance their self-image as being cosmopolitan, sophisticated, and modern (Friedman, 1990). The worldwide scale of these brands also allows them to be associated with globally recognized events (such as the Olympic Games and the World Soccer Cup) and celebrities (Steffi Graf, Tiger Woods, Harrison Ford, or Gerard Depardieu, for example). Through a process of *meaning transfer*, the prestige attached to these events and celebrities may be transferred to the sponsoring global brand (McCracken, 1986). Although it is mentioned anecdotally that PBG enhances brand prestige (e.g. Batra *et al.*, 2000, 84), empirical evidence is not available. To test this likelihood, we offer the following hypothesis:

H1: PBG is positively associated with the brand's perceived prestige.

The second potential association of brand globalness concerns *perceived quality*. Brand name is a key indicator of quality (Rao and Monroe, 1989), and a global image can arguably enhance the brand's perceived quality. If a brand is viewed as globally available, consumers may attribute higher quality to the brand because such quality is likely to be thought of as critical to global acceptance (Kapferer, 1997; Keller, 1998). As noted by Alden *et al.* (1999), global brands often advertise their worldwide availability and acceptance. For example, ads for Nivea Visage and P&G's major international detergent brand, Ariel, featured brand-quality testimonials from women in different countries. Vodafone's push toward global branding stems from wanting consumers everywhere to view it as a signal of high-quality, dependable service (Anonymous, 2001b, 20). However, empirical tests of the claim that brand globalness contributes to perceptions of higher quality are rare in the published literature. Even rarer are studies that control, as we shall, for other pathways (such as brand familiarity) Thus we propose:

H2: PBG is positively related to consumer perceptions of brand quality.

A third reason for a global brand preference may be the *globalness per se* of such brands, independent of any effects via prestige and quality. We refer to this as the *belongingness pathway*, because global brands offer purchasers the opportunity to acquire and demonstrate participation in an aspired-to global consumer culture (GCC; Alden *et al.*, 1999). This is possible because such brands often appeal to human universals and are purchased to signal membership in worldwide consumer segments (Dawar and Parker, 1994). Several authors (Appadurai, 1990; Hannerz, 1990) note that media flows, increased travel, and other factors are creating widely understood symbols and meanings reflected in global brands that, in turn, communicate *membership in the global consumer community* with all its positive connotations (McCracken, 1986). PBG *per se* may therefore also be an *added value* for consumers, distinct from and above any incremental quality or prestige connotations associated with the brand. Hence we posit the existence of a belongingness pathway:

H3: After controlling for brand quality and prestige, PBG is positively associated with consumers' purchase likelihood.

We further expect that the pathway through brand quality will have the strongest influence on purchase likelihood. Perceived quality is the primary driver of purchase likelihood, irrespective of product category, consumer segment or time frame (Jacoby and Olson, 1985). Furthermore, the importance of brand name as a quality cue and the quality associations of global brands have been widely noted in the literature (Yip, 1995). In contrast, the prestige pathway may be more limited to:

(1) Specific consumer markets/segments (young urban consumers, for example).
(2) Some product categories (such as those that are socially visible).
(3) Certain stages of market evolution (e.g., where global brands are a novelty, extremely expensive, or scarce: Ger *et al.*, 1993).

Finally, the belongingness pathway should be the weakest, since according to authors such as Samli (1995) GCC is still in its infancy, and local culture has a stronger influence. Therefore we hypothesize:

H4: Of the three pathways through which PBG is related to purchase likelihood, the pathway via perceived quality is the most important overall (across all markets and consumer segments).

Brands as icons of local culture

The emergence of global brands does not suggest that PBG is the only route to success. Despite the advent of global culture, local culture remains a central influence on consumer behavior and individual identity (Samli, 1995). An alternative route is to become an icon of the local culture. Indeed, various scholars have expressed skepticism about the existence of a standardized GCC and its consequent strengthening of global brands, arguing instead that we are much more likely to find localized cultural variants that are not standardized across all markets (Ger *et al.*, 1993). These authors also suggest that localized aspects of consumption return to the forefront once the 'novelty' of Western and/or global offers wears off. For example, Belk (2000, 14) reports that, although elite consumers in Zimbabwe measure their consumption success by adopting the symbols of the developed world, they have also retained a strong local culture orientation. Similarly, in a study of ethnicity and consumption in Romania, Belk and Paun (1993, 193) find that Romanian consumers desire 'celebrations of disappearing folk culture' that bind them to a mythical past.

Building on the frequent consumer desire for local culture, Ger (1999) develops a conceptual framework for competitiveness of local companies and brands in global markets. Within the context of global production and consumption, local brand managers can achieve competitive success by using local cultural capital and targeting and positioning based on a deeper understanding of local culture, tastes, and needs. In her framework, these two key components of competitive success for the local brand create 'a sustainable unique value and offer the symbolism of authenticity and prestige' (Ger, 1999, 70). Because the interpretation of 'high quality' may also differ across markets, consumers may believe that a local brand is more in line with local quality needs. Thus Ger (1999) proposes that local brands should 'out-localize' global brands by presenting the 'local-as-an-alternative.' In sum, we hypothesize:

H5a: The extent to which a brand is perceived to be an icon of the local culture is positively related to consumer perceptions of brand prestige.

H5b: The extent to which a brand is perceived to be an icon of the local culture is positively related to consumer perceptions of brand quality.

H5c: After controlling for brand quality and prestige, the extent to which a brand is perceived to be an icon of the local culture is positively associated with consumers' purchase likelihood.

Note that H1–3 and H5 are not mutually incompatible. A brand can rate high or low on *both* the local *and* the global dimension. Heineken and Coca-Cola are brands that are both perceived to be global as well as strong icons of Dutch and U.S. culture, respectively. The peanut butter brand *Calvé* is a strong icon of Dutch culture but is not perceived to be a global brand by Dutch consumers. *Sony* is perceived to be a global brand but not an icon of Japanese culture. Finally, consumers may perceive certain brands to be neither a strong icon of their local culture nor high on PBG (e.g. *Dodge*, in the U.S.).

Moderating role of consumer ethnocentrism

Previous research has documented the enhanced appeal of global brands among certain segments, such as teenagers and businesspeople (Hassan and Katsanis, 1994; Walker, 1996). In this study we examine the moderating role of CET. CET is defined as 'the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products' (Shimp and Sharma, 1987, 280). Ethnocentric consumers take pride in their country's brands, symbols, and culture. They are less open to foreign cultures, and are less cosmopolitan. CET is closely linked to economic nationalism (Baughn and Yaprak, 1996).

In the thinking underlying economic nationalism, local brands provide a link between the national economy and individual well-being. Global brands may be viewed suspiciously as a threat to national economic prosperity. In the mind of ethnocentric consumers, global brands pose not only an economic but also a cultural threat. Lower levels of cosmopolitanism and openness to foreign cultures further contribute to negative evaluations

of global brands by more ethnocentric consumers. Ethnocentric consumers may even be willing to sacrifice 'objective' gain (higher quality, lower price, etc.) to enjoy the psychological benefit of avoiding contact with the outgroup (i.e., the global culture) by purchasing local brands (Baughn and Yaprak, 1996). On the other hand, consumers low on CET are more cosmopolitan in outlook and have a higher degree of cultural openness (Baughn and Yaprak, 1996). They do not attribute to local brands an intermediate role between the national economy and individual well-being, and, if anything, derive psychological gain from having contact with the GCC, of which global brands are an important component. Based on this literature, we hypothesize:

H6a: The positive association of perceived brand globalness with purchase likelihood will be weaker for more ethnocentric consumers.

H6b: The positive relationship between perceptions of the brand as an icon of the local culture and purchase likelihood will be stronger for more ethnocentric consumers.

Covariates

Although this study focuses on the pathways through which PBG influences purchase likelihood, other exogenous influences are likely. Three sets of covariates are included in our analyses. First, brand familiarity is included because previous research suggests that it may have an important impact on perceived brand quality, brand prestige, and purchase likelihood, whether or not a brand is perceived as global (e.g. Keller, 1998). Second, country-of-origin (CO) image is included to control for the possibility that a certain global brand may attain higher prestige, quality, and/or purchase likelihood because it comes from a particular foreign country, rather than because it is global. Previous work has documented the importance of CO in consumer evaluations (Peterson and Jolibert, 1995). Finally, we add brand dummies to the analyses to control for unobserved, brand-specific effects (such as objective quality, distribution coverage, and market share). Since product category effects are also captured by brand dummies (each category was represented by two brands), we also control for product category effects (such as differences in perceived risk) by using these brand dummies. Controlling for all these variables provides a stronger test of our hypotheses, and produces more accurate estimates of the true effects of PBG.

Method

Procedure

Our hypotheses are tested using consumers from Korea and the U.S.A. There are substantial cultural differences between these countries. Korea belongs to the top half of the countries surveyed on power distance, uncertainty avoidance, and long-term orientation, and to the bottom half on individualism and masculinity. The position of the U.S.A. is exactly the reverse (Hofstede, 1991). Given these large differences, our research setting provides a stringent test of the generalizability of our hypotheses (Van de Vijver and Leung, 1997). The hypotheses are tested across four product categories including durables and nondurables, involving eight brands per country, further increasing the generalizability of the results.

Product categories and brands were selected from a larger set developed through focus groups in both countries. It was important for categories to vary across the nondurable–durable continuum, to increase the generalizability of our results. The categories finally chosen included foods/beverages, personal care products, and consumer durables. It was also important for the brands within each category to vary on globalness while being reasonably familiar. Two brands in each category were chosen deliberately to represent the global and local ends of the continuum in order to increase the probability of variance on perceived brand globalness. Categories differed somewhat between countries, as well-known brands that were positioned as more global in both the U.S.A. and Korea were not available. Product categories (brands) selected for the U.S.A. were cola drinks (Coca-Cola, Royal Crown Cola), facial cream (Nivea, Pond's), color TV sets (Sony, RCA), and wristwatches (Seiko, Timex). For the Korean study, cola drinks (Coca-Cola, Chilsung), toothpaste (Colgate, Lucky), color TV sets (Sony, Samsung), and refrigerators (Whirlpool, Goldstar) were selected.

In both countries, respondents were resident women responsible for at least half of the shopping in the household. In the U.S., a survey was mailed to a random sample of households from a leading sampling firm's list. The response rate was 12% (247/2093). This response rate is typical for mail surveys (Dillon *et al.*, 1994, 144). Given reported experiences in other Asian countries

(Kumar, 2000, 313), surveys were administered in Korea using personal interviews to ensure sufficient response. Employing randomized cluster sampling, approximately 2000 households in Seoul were selected and, of these, 370 agreed to participate (18.5%).

The English version of the questionnaire was double back-translated into Korean. To avoid respondent fatigue in both countries, product categories were rotated across questionnaires, in sets of two categories for any one questionnaire. Target brands were presented through their names (i.e., logos were not used). For each product category the brands were also rotated across questionnaires. Hence each respondent answered questions for two brands in each of two product categories, a total of four observations per respondent. Though these multiple observations are not independent, several authors have established that bias due to non-independence of observations is small when samples are large (Hunter and Schmidt, 1990, 452).

Measures

All scales used, along with their sources and their coefficients of reliability, are detailed in the Appendix. Only two of the scales are new. As mentioned earlier, consumers can form the perception that a brand is 'global' if they come to believe that the brand is also available in other countries through media coverage, word of mouth, or travel *and/or* if they see brand communications stressing 'globalness' through associations with GCC symbols (Alden *et al.*, 1999). Expanding on the scale used by Batra *et al.* (2000), we measured PBG with three items indicating the degree to which consumers thought the same brand was marketed in countries beyond their own. Note that PBG is not an either/or construct but a continuous variable, as some brands (Coca-Cola, for example) are higher on PBG than other brands (Philips, for example). Perceptions of the brand as an icon of local culture were measured using three items indicating the degree to which it was associated with, and symbolized, the local country or culture.

CO perceptions were measured for the countries in which the mother company of the brand was located, using four items derived from previous country-of-origin research (Hunter and Nebenzahl, 1984). CE was measured with four of the highest-loading items from the original CETSCALE study (Shimp and Sharma, 1987). Steenkamp *et al.* (1999) reported correlations above 0.95 between this four-item scale and the 10-item CETSCALE for Great Britain, Belgium, and Greece.

Results

Cross-national measurement validation

Before comparing results from the U.S.A. and Korea, configural and metric invariance were tested using multigroup confirmatory factor analysis (CFA; Mullen, 1995; Steenkamp and Baumgartner, 1998). Brand-level measures were analyzed simultaneously to rigorously test their psychometric properties. Configural invariance of the six-factor model was supported as the CFA model fit was good: $\chi^2(152) = 1218.69$ ($P<0.001$), CFI = 0.933, TLI = 0.907, CAIC = 1990.10. All factor loadings were significant at $P<0.001$, and the (within-group standardized) factor loadings were all above 0.5. All factor correlations were significantly below unity ($P<0.0001$), supporting discriminant validity between the constructs (Anderson and Gerbing, 1988). Equality of factor loadings was also supported: $\chi^2(161) = 1266.20$ ($P<0.001$), CFI = 0.931, TLI = 0.909, CAIC = 1958.71. CFI decreased an insubstantial 0.002, whereas CAIC and TLI, indicators of goodness of fit and model parsimony, improved. These findings provide strong evidence to support the metric invariance of brand-level measures (Steenkamp and Baumgartner, 1998).

Configural invariance was also obtained for CO perceptions. The fit of the (one-dimensional) CFA model was good: $\chi^2(4) = 39.83$ ($P<0.001$), CFI = 0.990, TLI = 0.969, CAIC = 176.21. All factor loadings were significant at $P<0.001$ and above 0.6. Metric invariance was also supported: $\chi^2(7) = 59.83$ ($P<0.001$), CFI = 0.985, TLI = 0.974, CAIC = 170.63. Finally, CET exhibited configural invariance. The fit of the (one-dimensional) CFA model was good: $\chi^2(4) = 13.85$ ($P<0.01$), CFI = 0.992, TLI = 0.975, CAIC = 132.65. All factor loadings were significant at $P<0.001$ and above 0.7. Metric invariance was also supported: $\chi^2(7) = 16.37$ ($P = 0.022$), CFI = 0.992, TLI = 0.986, CAIC = 112.89.

In sum, cross-national invariance of the measures used was supported. The good model fit and the significant and high factor loadings further support the unidimensionality and convergent validity of the constructs (Anderson and Gerbing, 1988). Items were averaged for each scale to obtain composite scores for the various constructs. Mean values of key constructs are provided in Table 1. Given that metric invariance is established, we can now validly

Table 1 Means and standard deviations of key constructs

	U.S.A. (n = 898)	*U.S.A.*	*Korea (n = 1460)*	*Korea*
	Mean	*s.d.*	*Mean*	*s.d.*
Purchase intention	4.82	1.90	4.78	1.45
Perceived global brand	4.93	1.50	4.72	1.58
Perceived brand quality	5.26	1.34	5.04	1.13
Brand icon vale	4.07	1.53	5.19	1.61
Brand familiarity	5.53	1.28	5.33	2.12

estimate the structural relations between the constructs and test the hypotheses in a cross-national setting (Steenkamp and Baumgartner, 1998).

Test of hypotheses

To test the hypotheses, structural equation modeling was used. Each latent construct was measured by a single indicator scale, formed by averaging multiple items and fixing error variance at a level appropriate to its coefficient alpha reliability (Anderson and Gerbing, 1988). The use of summated indicators is common when the model is highly complex. Furthermore, this approach typically leads to more precise structural estimates, provided the measures are unidimensional (Bandalos, 2002), as is the case in this study. Brand familiarity, country-of-origin image, and brand dummies were added to each structural equation as covariates to control for possible confounds. To avoid overfitting, and to increase degrees of freedom, only brand dummies with $P<0.10$ or better were retained to estimate the 'trimmed' model. In the tables below, control variable data are omitted as they are not the study's focus. The multigroup model with the U.S.A. and Korea as two groups yielded a good fit: χ^2 (21) = 48.187 ($P<0.001$), CFI = 0.997, TLI = 0.976, CAIC = 1704.80. The unstandardized structural coefficients, appropriate in cross-national research (Singh, 1995), are reported in Table 2.

Table 2 Unstandardized structural coefficients (with standard errors), total sample

N	*Total U.S.A. sample 897*	*Total Korea sample 1460*
Global brand → Prestige	0.361 (0.103)*	0.434 (0.056)*
Local icon → Prestige	0.309 (0.060)*	0.104 (0.048)***
Global brand → Quality	0.152 (0.063)***	0.573 (0.051)*
Local icon → Quality	0.049 (0.042)	0.061 (0.033)
Global brand → PI (direct)	0.112 (0.075)	−0.032 (0.057)
Local icon → PI (direct)	0.116 (0.051)***	0.117 (0.038)**
Prestige → PI	0.042 (0.028)	−0.048 (0.019)***
Quality → PI	1.244 (0.074)*	0.732 (0.056)*
Global brand → PI (total)	0.317 (0.091)*	0.367 (0.080)*
Local icon → PI (total)	0.191 (0.061)**	0.157 (0.051)**

*$P<0.001$, **$P<0.01$, ***$P<0.05$.

Rival models Before we present estimates for the hypothesized model, it is important to establish that this model fits better than other plausible rival models. We estimated two plausible rival models. The first rival model specifies the reverse causal direction between prestige/quality and PBG. It could be argued that a brand is considered to have 'global or world-class levels' of prestige and perceived quality if its prestige and perceived quality are very high. The fit of this model ($\chi^2(21) = 83.705$, $P<0.001$; CFI = 0.994; TLI = 0.946; 0.946; CAIC = 1740.32) is significantly worse than our hypothesized model. In addition, since the two models have the same d.f., their χ^2 statistics can be compared directly. This comparison reveals that the rival model's fit is 74% weaker.

Second, a model was estimated specifying bidirectional relations between prestige/quality and PBG. This model posits that prestige and quality affect PBG and vice versa. Our theoretical model is a nested version of this model, and hence the χ^2 difference test can be applied. The fit of the bidirectional model is: χ^2 (17) = 42.904 ($P<0.001$), CFI = 0.997, TLI = 0.972, CAIC = 1734.58. The difference in χ^2 between our theoretical and the rival, bidirectional, model is not significant ($\Delta\chi^2(4) = 5.283$, n.s.), and CAIC and TLI are worse for the bidirectional model. In addition, none of the reverse effects was significant. These findings provide strong evidence to support the proposed model.

In sum, we have evidence supporting our hypothesized causal sequence, from perceived brand globalness to brand prestige and to perceived quality (instead of the reverse or bidirectional direction). We therefore continue using the hypothesized model to test our hypotheses.

Main effects Consistent with H1, perceived globalness was found to be positively associated with brand prestige, both in the U.S.A. ($b=0.361$, $P<0.001$) and in Korea ($b=0.434$, $P<0.001$). (See Table 2.) H2 posits a positive relationship between brand globalness and perceived quality. This hypothesis was also supported ($b_{\text{U.S.A.}}=0.152$, $P<0.05$ and $b_{\text{Korea}}=0.573$, $P<0.001$). H3 proposes a direct association of PBG with purchase likelihood, for reasons of 'belongingness,' after controlling for quality and prestige. The relationship was in the expected direction, but failed to reach statistical significance in the U.S.A. ($b_{\text{U.S.A.}}=0.112$, n.s.), and was close to zero and nonsignificant in Korea ($b_{\text{Korea}}=-0.032$, n.s.). Thus our analysis of pooled data across all consumers does not indicate a direct PBG effect on purchase likelihood.

We hypothesized (H4) that perceived quality would be the most important of the three pathways through which PBG affects purchase likelihood. This can be tested by comparing the magnitudes of the direct PBG effect on purchase likelihood with its indirect effects via perceived quality and perceived prestige. The total effects (both direct and indirect) of PBG on purchase likelihood for the U.S.A. and Korea are 0.317 ($P<0.001$) and 0.367 ($P<0.001$), respectively. For the U.S.A., the direct effect is 0.112 and the indirect effect is therefore 0.205, with 92% through perceived quality and 8% through prestige. For Korea, the direct effect is −0.032 and the indirect effect is 0.399, with 95% of the absolute value of the effect through perceived quality. Hence in the U.S.A. (Korea), 60% (89%) of the PBG effect on purchase likelihood is mediated by perceived quality, supporting H4.

Consistent with H5a, in both countries the brand's local icon value had a positive impact on brand prestige ($b_{\text{U.S.A.}}=0.309$, $P<0.001$; $b_{\text{Korea}}=0.104$, $P<0.05$). The effect of local icon value on perceived quality was not significant in either country, failing to support H5b. In contrast, as hypothesized (H5c), the direct association of local icon value with purchase likelihood is positive and significant both in the U.S.A. ($b=0.116$, $P<0.05$) and in Korea ($b=0.117$, $P<0.01$).

As mentioned, the total effects of PBG on purchase likelihood for the U.S.A. and Korea are 0.317 ($P<0.001$) and 0.367 ($P<0.001$), respectively. The total effects of local icon value are lower (0.191 and 0.157 for the U.S.A. and Korea, respectively, $P<0.01$). Thus we find that the total effect of PBG on purchase likelihood is greater than the effect of local icon value. This is especially meaningful since we control for brand-specific and category-specific effects, as well as for differential familiarity.

Moderating effects of CET To test the moderating effect of CET (H6a-b), a second set of estimates was obtained on median-split samples of high and low-CET consumers in each country. The model estimated simultaneously on these four groups fits well: $\chi^2(45)=70.793$ ($P<0.001$), CFI = 0.997, TLI = 0.979. Consistent with H6a, the total PBG effect on purchase likelihood was reduced for more ethnocentric consumers in the U.S. (See Table 3.)

Table 3 Direct, indirect, and total effects (unstandardized structural coefficients)

	Direct		*Indirect*		*Total*	
	U.S.A.	*Korea*	*U.S.A.*	*Korea*	*U.S.A.*	*Korea*
Full sample						
Global → PI	0.112	−0.032	0.205**	0.399*	0.317*	0.367*
Icon → PI	0.116***	0.117**	0.074	0.040	0.191**	0.157**
High CET						
Global → PI	0.158	−0.119	−0.063	0.204*	0.095	0.085
Icon → PI	0.286*	0.074	−0.062	0.002	0.224***	0.077
Low CET						
Global → PI	−0.207	−0.291	0.694*	0.795*	0.487**	0.504*
Icon → PI	−0.020	0.161**	0.159	0.015	0.139	0.176***

*$P<0.001$, **$P<0.01$, ***$P<0.05$.

For high-CET Americans, PBG did not significantly affect purchase likelihood (0.095, n.s.). It was significantly positive for low-CET consumers in the U.S. (0.487, $P<0.01$). The same picture emerged in Korea, as the total PBG effect was not significant (0.085, n.s.) for high-CET consumers but was significant for low-CET consumers (0.504, $P<0.01$). *Z*-tests showed that the total effect of PBG on purchase likelihood was stronger for low-CET consumers than for high-CET consumers in both countries. Hence H6a was supported.

Finally, H6b was not supported. In neither of the two countries was the difference in the total effect of a brand's local culture icon value on purchase likelihood significantly different between high and low-CET consumers.

Discussion

This study expands our understanding of consumer preference for global brands. Three pathways through which PBG influences consumers' purchase likelihood were hypothesized. Consumers may believe that global brands connote better quality, provide status and prestige, or provide a way to become part of a GCC. We developed a number of specific hypotheses concerning the effects of PBG and the moderating role of consumer ethnocentrism. Support was found for most hypotheses. The fact that these hypotheses were tested in Korea and the United States, across different product categories and brands, increases the generalizability of our results.

Contributions of this study

As mentioned earlier, many multinational corporations today are altering their portfolios in favor of global brands, believing that consumers worldwide prefer global brands to local brands. However, this belief, as well as possible underlying consumer motivations, have not been systematically researched and are the source of much controversy (e.g. De Mooij, 1998, 39). Although some previous studies (e.g. Alden *et al.*, 1999) have documented the fact that several companies are in fact positioning their brands as 'global,' research has not yet established whether this practice is justified. Nor has previous research established *why* consumers might prefer global brands to local ones – insight important to multinational marketers seeking the most appropriate positioning strategies for their global brands.

The results of this study, in which PBG was in fact positively associated with both perceived brand quality and prestige, are therefore important. They support both the *quality* (Yip, 1995; Keller, 1998) and *prestige* (Hannerz, 1990; Kapferer, 1997; Batra *et al.*, 2000) arguments for global branding – arguments that have not been previously tested. More importantly, in both Korea and the U.S.A., PBG exerted its strongest effect on purchase likelihood through perceptions of superior quality. This significant result suggests that international marketers should focus on creating and communicating quality rather than the status and prestige advantages of global brands. Although global brands may also communicate higher prestige and status, quality appears to be more heavily weighted by consumers. Journalistic reports (e.g. Beck, 1999) also indicate that prestige connotations may be more transitory than quality perceptions, disappearing when global brand scarcity and novelty are no longer salient factors.

This study also provides an important empirical test of the frequently heard assertion that consumers prefer global brands because, in part, such consumption offers them a vicarious way to participate in GCC (e.g. Alden *et al.*, 1999). In this study we do not find support in either Korea or the U.S.A. for such a generalized pathway, *when quality and prestige associations are controlled.* Indeed, our results demonstrate the importance of controlling for quality and prestige to obtain accurate estimates of the direct PBG effects on purchase likelihood. If quality and prestige were omitted from our analysis, the PBG effect on purchase likelihood in the U.S.A. would have been 0.470 ($P<0.001$) *vs* 0.112 (n.s.), and in Korea would have been 0.229 ($P<0.001$) *vs* −0.032 (n.s.). This reinforces the conclusion that higher perceived quality and prestige are key sources of enhanced consumer value for global brands.

We found an important moderating role for CET. For low-CET consumers, whose outlook is more closely aligned with GCC (Hannerz, 1990; cf. Baughn and Yaprak, 1996), PBG had a significant total effect on purchase likelihood in both countries. No such association was found for high-CET consumers. Low-CET consumers also had much stronger quality associations with global brands. These results clearly indicate that the concept and benefits of brand globalness are not equally accepted by all consumers and that, consistent with theory, CET can act as an important segmentation variable. A global branding position will be much more conducive in creating brand value among low-CET consumers.

Confidence in our findings is increased by the fact that our analysis focused not only on perceived brand globalness but also on local icon value. In addition, we controlled for brand familiarity, country of origin, and brand/category (differential distribution and perceived category risk, for example) effects.

Managerial implications

Shocker *et al.* (1994) noted that the question of whether global brand names can be used as a source of competitive advantage is a key issue in need of research. We find that PBG may provide a significant source of competitive strength: the higher a brand's perceived globalness, the higher its perceived quality, prestige, and purchase likelihood. Perceived quality and prestige cannot be readily copied, and hence provide a more defensible competitive advantage (Shocker *et al.*, 1994). Global brand marketers should thus consider emphasizing perceived quality in particular and prestige secondarily. In developing this approach, they are advised to follow a targeted strategy, using CET as a segmentation criterion. The quality and prestige associations of perceived globalness are substantially stronger in the segment of low-CET consumers. The sociodemographic profile of these consumers is by now well established (e.g. Shimp and Sharma, 1987; Balabanis *et al.*, 2001). CET can also be linked to geographic areas and compared across countries. Thus CET scores can be used as a basis for deciding on global brand entry strategies. Within countries, CET can be helpful to developing regional roll-out and targeted media strategies.

Recently, Ger (1999, 65) observed that many local firms 'operate under the supposition that the market is beyond their control' and that they assume that they have little chance in the competition against global firms. Our results indicate that such a resigned response is not warranted. Indeed, local firms need not be bystanders in the globalization process. The key strength of local firms is their local identity and culture. We find that local firms that firmly position and communicate their brand as icons of the local culture can generate higher brand value. Researchers suggest that this counter-strategy remains underused. As Ger (1999, 71) pointedly observes: 'local culture is the most accessible yet least utilized resource for local firms.' Combined, our results suggest that brands that are neither clearly global nor strong local culture icons are in the most difficult competitive position.

Limitations and future research

Future research should sample a wider domain of countries and product categories to further increase generalizability. It is also worthwhile including services in future research. Moreover, the relative weights of the paths studied here may vary in other countries or cultures. Although we did compare results from two countries with widely differing cultures, we did not study their cultural differences systematically, nor did we probe possible reasons (such as differences in risk aversion) for alternative consumer responses to local versus global brands in the U.S. and Korea. Future studies should test specific hypotheses concerning the effects of national culture and other country-level drivers on the ways in which PBG creates brand value. If a sufficient number of countries is included, hypotheses concerning specific country drivers can be tested quantitatively. For example, we speculate that a country's degree of cosmopolitanism affects the magnitude of the direct (belongingness) path of PBG on purchase likelihood, whereas its degree of power distance (Hofstede, 1991) may moderate the prestige pathway.

It is also clear that the weights, or even the existence, of these paths may be moderated by numerous other consumer characteristics. For instance, this study finds that CET greatly reduces the association between PBG and perceived quality. Future research should further examine relationships between perceived quality and brand prestige, which are related but distinct. Future research should also study additional moderating variables. One such variable is the extent to which GCC is popular in the country and consumer segment of interest. The fact that we did not find a generalized direct association between PBG and purchase likelihood is consistent with the notion that GCC is still in its infancy (Samli, 1995). However, we did not measure the depth and breadth of GCC in the markets we studied. Measurement of this construct and other moderators could enhance our understanding of contextual effects on the relationship between PBG and purchase intentions. Overall, the potential theoretical and managerial benefit illustrated by the model proposed herein points to the importance of continued efforts to better understand the dynamic evolution of GCC and its impact on brand strategy.

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Appendix

Perceived brand globalness

$\alpha_{U.S.A.} = 0.799$, $\alpha_{Korea} = 0.785$ (new scale, building on Batra *et al.*, 2000)

- To me, this is a global brand/To me, this is a local brand
- I don't think consumers overseas buy this brand/I do think consumers overseas buy this brand
- This brand is sold only in (America/Korea)/This brand is sold all over the world

Perceived brand quality

$\alpha_{U.S.A.} = 0.831$, $\alpha_{Korea} = 0.779$ (Keller and Aaker, 1992)

- This brand is very low on overall quality/This brand is very high on overall quality
- This is a brand of inferior quality/This is a brand of superior quality

Perceived brand prestige

(Han and Terpstra, 1988)

- This is a very prestigious brand/This is not a very prestigious brand

Brand as icon of local culture

$\alpha_{U.S.A.} = 0.797$, $\alpha_{Korea} = 0.856$ (new scale)

- I associate this brand with things that are (American/Korean)/I do not associate this brand with things that are (American/Korean)
- To me, this brand represents what (America/Korea) is all about/To me, this brand does not represent what (America/Korea) is all about
- To me, this brand is a very good symbol of America/To me, this brand is not a very good symbol of America

Brand familiarity

$\alpha_{U.S.A.} = 0.706$, $\alpha_{Korea} = 0.815$ (new scale, building on Oliver and Bearden, 1985)

- This brand is very familiar to me/This brand is very unfamiliar to me
- Everybody here has heard of this brand/Almost nobody here has heard of this brand
- I'm not at all knowledgeable about this brand/I'm very knowledgeable about this brand
- I have never seen advertisements for it in (American/Korean) magazines, radio, or TV/I have seen many advertisements for it in (American/Korean) magazines, radio, or TV

Country-of origin perceptions

(In the U.S.A., these items were asked for American, Japanese, and German companies; in Korea for American, Japanese, and Korean companies.)

$\alpha_{U.S.A.} = 0.873$, $\alpha_{Korea} = 0.843$ (Hunter and Nebenzahl, 1984)

Products made by (country of origin) companies are in general:

- Poor in overall quality/Excellent in overall quality
- Poor in design/styling/Excellent in design/styling
- Poor in level of technology/Excellent in level of technology
- Poor in value-for-money/Excellent in value-for-money

Consumer ethnocentrism

$\alpha_{U.S.A.} = 0.871$, $\alpha_{Korea} = 0.871$ (Shimp and Sharma, 1987)

- Purchasing foreign-made products is un-(American/Korean)
- (Americans/Koreans) should not buy foreign products because this hurts (American/Korean) business and causes unemployment.

- A real (American/Korean) should always buy (American/Korean)-made products.
- It is not right to purchase foreign products.

Likelihood of purchasing the brand

$\alpha_{U.S.A.} = 0.878$, $\alpha_{Korea} = 0.798$ (Dodds *et al.*, 1991).

- I would not buy it (assuming it was available)/I would certainly buy it (assuming it was available)
- I'm not at all likely to buy it (if available)/I'm very likely to buy it (if available)

Brand-related and country-of-origin image items were scored on seven-point bipolar scales with the endpoles given above. The CET items were scored on seven-point scales with strongly disagree (=1) and strongly agree (=7) as anchors.

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