THE VALUE OF PERCEIVED BRAND GLOBALNESS (LOCALNESS):
A SIGNALING PERSPECTIVE

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Abstract

Prior studies strongly suggest that global brands lead to higher utility expectations, for example, in the form of higher perceived brand quality. Extant research, however, has largely been silent on explanations for this phenomenon. At the same time, it is unclear whether and how local brands can also create positive brand beliefs. In an attempt to redress this gap, we conducted two comprehensive qualitative studies – one focusing on domestic and one on foreign buying behavior – which aimed at illuminating underlying motives for the perceptual superiority of global brands. Based on a total number of one hundred and six in-depth interviews, we identify a series of associations that are salient with global brands (i.e., global brand signals) and used by lay consumers as bases to infer the expected utility of global offerings. Strikingly, we find that exactly the same signals which create positive inferences towards global brands (e.g., brand quality beliefs), can under other circumstances, activate negative inferences and harm the customer-based equity of global brands. We also illuminate contextual factors – product category-specific, personality-specific, and location-specific factors that influence these effects.