Global Brands and Local Attitudes:
Examination from a Transitional Market

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ABSTRACT

Purpose: This study explores the influence of consumers’ perceived brand globalness (PBG) on their brand attitudes in an emerging market that has experienced rapid growth and transition from one system to another. We also examine the moderating effect of the age difference on the relationship between PBG and brand attitude.

Methodology: Building from prior research in global branding, this manuscript develops a model to illustrate how motivating factors drive consumers’ desire for global brands. A scale is developed and tested on a national sample of Chinese consumers using structural equation modeling.

Findings: The data analysis provides support for most of the seven hypotheses. The results indicate that perceived globleness of brands affects consumers’ attitude indirectly through three factors, namely, perceived brand quality (PBQ), perceived social prestige (PSP), and perceived association of consumption trend (PACT) associated with owning or consuming a global brand. In addition, various effects of these factors are examined in different groups/generations of consumers.

Implications: When building positioning strategies for global brands marketed in China, managers should consider switching the focus to symbolic meanings of brands from the traditionally emphasized brand quality. The perceived social prestige and partaking in consumption trends associated with owning or consuming global brands are found to play a more significant role in consumers’ attitudes towards the brands in the context of our
study. In addition, we propose that brand managers consider different positioning strategies for different consumer segments divided based on age.

**Originality:** We examine the effects of perceived brand globalness and other factors on consumers’ brand attitude in a unique context of a transitioning market like China. This manuscript contributes to the existing literature by 1) identifying the effective strategies brand managers can use to position their brands so as to create a strong positive attitude among consumers and 2) by uncovering the possible moderating effect of Chinese consumers’ generation difference on the effects of those positioning strategies.

Keywords: Perceived brand globalness, brand attitude, consumption trend, social prestige

Category: Research paper

**INTRODUCTION**

In this era of global marketing, the term “global brand” has been used extensively by researchers and practitioners. Going global seems to be the dominant theme of modern marketing as researchers have found that many consumers prefer global brands over local competitors because global brands are associated with superior quality, worldly knowledge on consumption trends, and higher social prestige (Pitta and Franzak 2008; Siu and Chan 1997; Wang and Chen 2004; Zhou and Hui 2003). However, other researchers have suggested capitalizing on local appeal as an alternative route to success in building strong brands as the “novelty” of Western and/or global appeal wears off (Steenkamp, Batra, and Alden 2003). Brand managers are faced with the challenge of designing positioning strategies for their brands in the ever changing global market place. As the movement of branding shifts from the developed economies to other areas of the world, especially to the emerging economies, the branding question changes considerably
(Roth, 1995). Specifically, the Chinese market has experienced drastic changes in the last few decades: the economy has transitioned from planned to marketing economy; the country has turned from the world’s manufacturing base to a major affluent market with tremendous purchasing power; the Chinese marketplace started with very few brands but is now filled with numerous national and global brands. The transitions of the economic system and consumer purchasing power, the entrance of global brands and the emergence of local brands into the market place make the Chinese market a very unique context that warrants more attention from researchers and practitioners.

In the current study, we intend to investigate whether the perceived brand globalness (PBG) leads to consumers’ desire for global brands. Specifically, we examine the impact of perceived brand globalness on consumers’ brand attitude and the pathways of this impact. The pathways are represented by constructs generated after modification from prior studies of Zhou, Teng and Poon (2008) and Steenkamp, Batra and Alden (2003). The dimensions include: perceived brand globalness (PBG), perceived brand quality (PBQ), perceived association with consumption trends (PACT), and perceived social prestige (PSP).

Moreover, we tap into individual differences in consumer ratings on the pathways from PBG to brand attitude. Particularly, we compare two consumer groups: group1 composed of consumers 34 years or younger, born after the economic reform hence more modern, and group2, composed of consumers 35 years or older, born before the economic reform
hence more conservative. We examine the moderating effect of the age difference on the relationship between PBG and brand attitude.

Our study contributes to extant global branding literature in two ways. First, in a global environment, our findings help multinational marketers understand Chinese consumers’ attitudes toward global brands, and provide practical implications in seeking the most appropriate positioning strategies for their global brands. Second, we analyze differences between two consumer groups that represented different generations whose value systems and lifestyle bear strong marks of influence of the drastic social-economic transitioning. The unique situation of China’s reform over the last three decades offers us a rare opportunity to study the effects of social-economic transitioning on consumers’ value system and consumption behavior.

THEORETICAL BACKGROUND AND HYPOTHESES

Theoretical background

As the emerging economies experience globalization, growing exposure to foreign cultures and products may have increased consumers’ awareness of the world’s consumption trend, which in turn has significant impacts on their consumption behavior (Nijssen and Douglas 2008). Meanwhile, some local brands are also trying to become global while trying to capitalize the status of being local when competing with global brands from other countries (Cayla and Eckhardt 2007). We believe that rapid, continuous changes may have had substantial impacts on consumers’ perception of perceived brand globalness (PBG) and its influence on their preference for global brands.
Steenkamp, Batra, and Alden (2003) suggest two pathways, namely, the perceived brand quality and brand prestige, through which PBG affects consumers’ purchase likelihood. The first pathway indicates a positive relationship between PBG and perceived brand quality, which further affects brand purchase likelihood. The second pathway indicates a positive relationship between PBG and brand prestige which further affects brand purchase likelihood. Their study found the influence of perceived brand quality to be stronger on consumers’ purchase likelihood. However, studies from developing countries have found different effects. Specifically, consumers from developing countries tend to use the ownership and/or consumption of global brands to enhance their social status and strengthen self-identity of being a worldly consumer (Batra, Alden, and Steenkamp 2000). Then, we might expect the pathway of brand prestige to have a stronger impact on consumers’ brand attitude in developing countries.

In addition to perceived brand quality and social prestige, other researchers have found additional factors that influence consumers’ brand attitude. For example, in the recent study on consumers’ susceptibility to global consumer culture, Zhou, Teng, and Poon (2008) suggest that quality perception, social prestige, and conformity to consumption trend all have significant impact on consumer’s desire or tendency for the acquisition and use of global brands. In addition to the established factors of brand quality and social prestige, the awareness of consumption trend also affects consumer’s attitude towards global brands.

**Research Hypotheses**

We hypothesize four pathways through which PBG affects consumers’ brand attitude. Three of these pathways are posited to occur indirectly through the quality,
prestige and consumption trend associations of PBG. Perceived brand globalness is
defined by the brand’s being recognized, accepted, and consumed in other developed
countries (Steenkamp et al 2003). Perceived brand quality (PBQ) refers to the
consumers’ evaluation of the brand’s quality. Perceived social prestige (PSP) refers the
ability of the brand to signify a trendy image and social status for the consumer.
Perceived association of consumption trend (PACT) is defined as the brand’s ability to
give the consumer a sense of belonging and association with the global contemporary
trend. The fourth pathway involves the direct effect of PBG on brand attitude. We use
consumer's purchase intention and their feelings towards the brand as our measure of
brand attitude, which is also called value or utility by some researchers (Aaker, 1991).

H1a: perceived brand globalness (PBG) is positively related to consumer perceptions of
brand quality.
H1b: Consumer perceived brand quality (PBQ) is positively related to consumers’ brand
attitude.
H2a: PBG is positively related to consumers’ perceived association with consumption
trend (PACT).
H2b: Consumer perceived association with consumption trend (PACT) is positively
related to consumers brand attitude.
H3a: Consumers’ PBG is positively related to consumer perceived social prestige (PSP).
H3b: Consumer perceived social prestige (PSP) is positively related to consumers’ brand
attitude.
H4: After controlling for brand quality, consumption and prestige, PBG is positively
associated with consumers’ brand attitude.
METHODOLOGY

Procedure

Four actual brand names were chosen for this study, based on results from a focus group interview. Nike (American brand) and Lining (Chinese brand) were chosen to represent nondurables; and Dell (American brand) and Lenovo (Chinese brand) were selected to represent the Hi-tech durables. Those brand names were chosen on the criteria that they were 1) reputable, 2) different on PBG, 3) one native brand and one foreign brand in each product category. For each brand, 140 participants (age 18 to 45 years old, representing the main purchasing power in China) from Beijing were selected. Each participant received ten Yuan RMB (about 1.5 US dollars) for their participation. Forty-four incomplete or improper responses are eliminated from the data. That leaves us with 516 responses for analysis (54% female and 46% male, with 50.8% between 18-34 years of age and 49.2% between 35-45 years of age).

Measures

Measures for all of the constructs we are examining were available in the literature. The “perceived brand globalness”, “perceived brand quality”, and “perceived social prestige” are generated based on studies by Dodds, Monroe and Grewal (1991), Keller and Aaker (1992), Steenkamp, Batra and Alden (2003). “Perceived association with consumption trend” is adapted from the scale developed by Zhou, Teng and Poon(2007). Brand attitude is measured by two items: purchase intention and “I like this brand.” Demographic information of participants is collected at the end of survey.
The questionnaire is compiled in English and translated into Chinese. Then fifteen consumers are consulted as to the scale’s content validity and wording appropriateness of each item. The scale is then revised based on inputs from the participants. The scale used, along with their coefficients of reliability, are detailed in Table 1.

ANALYSIS AND RESULTS

Test of Hypotheses

All the constructs of this study had Cronbach’s Alpha reliability coefficients in excess of 0.80. It indicates that all the constructs have good internal validity and indeed measure the same construct. We reported the means (standard deviations) of key constructs in Table 2.

To test the hypotheses, structural equation modeling was used. Three groups are analyzed: total sample, group 1 (age 18-34), and group 2 (age 35-45). The fit of three groups yielded a good fit. For total sample: $\chi^2(182)= 2209.73$ (P<0.001), RMSEA=0.067, CFI = 0.93, GFI = 0.88, IFI = 0.93. For group 1 sample (age is at 18-34): $\chi^2(182)= 1424.57$ (P<0.001), RMSEA=0.072, CFI = 0.92, GFI = 0.81, IFI = 0.92. For group 2 sample (age>35): $\chi^2(182)= 1623.48$ (P<0.001), RMSEA=0.069, CFI = 0.89, GFI = 0.82, IFI = 0.89.
The standardized structural coefficients are reported in Table 3. For all three groups of analysis, H1a、H1b、H2a、H3a are supported; H4 is not supported. The effects of pathways are found to be different for different groups. For group1 (younger group), H2b is not supported; for group2 (older group), H3b is not supported.

DISCUSSIONS AND IMPLICATIONS

First, there is no direct relationship between perceived brand globalness and brand attitude. In other words, consumers will not intend to purchase a product simply because it’s global. However, perceived brand globalness affects consumers’ brand attitude indirectly.

Next, from all analysis groups, H1a、H1b、H2a、H2b、H3a、H3b are all supported. This supported our initial prediction that perceived brand globalness affects brand attitude through three pathways, perceived brand quality, perceived social prestige, and perceived association with consumption trend. The strength of influence of the three pathways are PACT(0.24), PBQ(0.15) and PSP(0.11), with the perceived association with consumption trend being the highest. This suggests that Chinese consumers are more interested in keeping up with the world fashion and being modern while the influence of quality and social prestige is decreasing. This can be explained by the fact that Chinese local brands have improved their quality and the novelty of being foreign or western can gradually wear off (Steenkamp et al 2003).
Thirdly, comparing the two groups of different generation, we find varying levels of effects of pathways. Consumers in group 1 were born after the economic reform, and they are more interested in the social prestige represented by global brands through which they intend to build self identity. On the other hand, the more traditionally oriented consumers from group 2 are interested in associating with the modern consumption trend in the world. The different results of PACT and PSP indicate that PACT associates with consumption trend and has a group effect whereas PSP associates more with personal identity and has effect on individual level. Social identity theory (Tajfel and Turner 1985) posits that identity includes two elements: personal (i.e., related to a person’s individual sense of self) and social (i.e., related to groups to which a person belongs or is affiliated with). Therefore it’s reasonable to see two levels of effects from our analysis, with group 1 on the personal level and group 2 on the social level.

Managerial Implications

Some researchers pointed that PBG may provide a significant source of competitive advantage (Steenkamp, Batra, and Alden 2003). From our study among Chinese consumers, the pathway through which PBG affects brand attitude is changing in the emerging market. Perceived brand quality is no longer the main driving force for purchase intention or brand attitude. Perceived brand quality also has different impacts on consumers with different social influences from different times. Global brand marketers should thus consider this change and consider additional positioning strategies on top of quality. Specifically, social prestige and association with consumption trends of the world should be highlighted as part of the benefits of global brands. Characteristics of target market is another important factor to consider when positioning
global brands. To market to the more traditional consumers in China, the global brand’s identity enhancing benefits on group level should be emphasized; the brand’s identity building effects on an individual level should be highlighted to the younger and more modern group.

**Limitations and Future research**

The present research suffers from several limitations. First, the number of stimuli brands being tested in the study is limited. More brands can be included in future research to include more levels of perceived brand globalness. Secondly, country-of-origin effect might have a mediating effect between perceived brand globalness and brand attitude. Future studies may test the different attitudes towards global brands originated from the native country and a foreign country.

**REFERENCES**


Perceived Brand Globalness (PBG)

Perceived Brand Quality (PBQ)

Perceived Association with Consumption Trend (PCT)

Perceived Social Prestige (PSP)

Brand Attitude (BA)

H1a

H1b

H2a

H2b

H3a

H3b

H4

Figure 1 Hypothesized Model
<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Source</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceived Brand Globalness</strong></td>
<td>This brand is a global brand.</td>
<td>(new item, built from Steenkamp, et al., 2003)</td>
<td>.849</td>
</tr>
<tr>
<td></td>
<td>I think consumers in developed countries like to buy this brand.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think consumers in developing countries like to buy this brand.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>This brand is sold all over the world.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perceived Brand Quality</strong></td>
<td>This brand has good value.</td>
<td>(new item, built from Steenkamp, et al., 2003)</td>
<td>.846</td>
</tr>
<tr>
<td>(PBQ)</td>
<td>This brand has high quality.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>This brand has a very high level of reliability.</td>
<td>(Zhou, et al., 2007)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>This brand is easy to use.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>This brand has good style.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perceived Association with</strong></td>
<td>It makes one feel good in his/her social group.</td>
<td>(Zhou, et al., 2007)</td>
<td>.932</td>
</tr>
<tr>
<td>Consumption Trend**</td>
<td>It makes one have the sense of global belonging.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PACT)</td>
<td>It makes one have a good impression of others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It makes one feel closer to contemporary lifestyle.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It makes one feel to be part of the global trend.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perceived Social Prestige</strong></td>
<td>It signifies one’s trendy image.</td>
<td>(Zhou, et al., 2007)</td>
<td>.941</td>
</tr>
<tr>
<td>(PSP)</td>
<td>It represents the latest lifestyles.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It symbolizes one’s social image.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It tells something about one’s social status.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It is associated with wealth.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brand Attitude</strong></td>
<td>I would buy it, assuming it was available.</td>
<td>(new item, built from Steenkamp, et al., 2003)</td>
<td>.812</td>
</tr>
<tr>
<td>(BA)</td>
<td>I like this brand.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 2 Means (standard deviations) of key constructs

<table>
<thead>
<tr>
<th></th>
<th>Total sample</th>
<th>Group1 (age 18-34)</th>
<th>Group2 (age 35-45)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=516</td>
<td>n=262</td>
<td>n=254</td>
</tr>
<tr>
<td>PBG</td>
<td>4.91(1.34)</td>
<td>5.23(1.02)</td>
<td>4.58(1.50)</td>
</tr>
<tr>
<td>PBQ</td>
<td>5.03(0.91)</td>
<td>5.00(0.89)</td>
<td>5.06(0.92)</td>
</tr>
<tr>
<td>PCT</td>
<td>4.25(1.28)</td>
<td>4.38(1.17)</td>
<td>4.10(1.37)</td>
</tr>
<tr>
<td>PSP</td>
<td>3.57(1.30)</td>
<td>3.72(1.26)</td>
<td>3.41(1.32)</td>
</tr>
<tr>
<td>BA</td>
<td>3.86(1.34)</td>
<td>3.91(1.16)</td>
<td>3.80(1.50)</td>
</tr>
</tbody>
</table>

### Table 3 Paths Analysis and Hypotheses Testing (standard errors are in parenthesis)

<table>
<thead>
<tr>
<th></th>
<th>Total sample</th>
<th>Group1 (age 18-34)</th>
<th>Group2 (age 35-45)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=516</td>
<td>n=262</td>
<td>n=254</td>
</tr>
<tr>
<td>H1a: PBG–PBQ</td>
<td>0.39 (0.05) ***</td>
<td>0.54 (0.09) ***</td>
<td>0.31 (0.08) ***</td>
</tr>
<tr>
<td>H1b: PBQ–BA</td>
<td>0.38 (0.05) ***</td>
<td>0.43 (0.08) ***</td>
<td>0.39 (0.06) ***</td>
</tr>
<tr>
<td>H2a: PBG–PCT</td>
<td>0.78 (0.05) ***</td>
<td>0.94 (0.09) ***</td>
<td>0.78 (0.08) ***</td>
</tr>
<tr>
<td>H2b: PCT–BA</td>
<td>0.31 (0.08) ***</td>
<td>0.61 (0.25)</td>
<td>0.41 (0.11) ***</td>
</tr>
<tr>
<td>H3a: PBG–PSP</td>
<td>0.57 (0.05) ***</td>
<td>0.76 (0.09) ***</td>
<td>0.56 (0.08) ***</td>
</tr>
<tr>
<td>H3b: PSP–BA</td>
<td>0.20 (0.05) ***</td>
<td>0.50 (0.13) ***</td>
<td>0.10 (0.07)</td>
</tr>
<tr>
<td>H4: PBG–BA</td>
<td>-0.18 (0.10)</td>
<td>-0.91 (0.70)</td>
<td>-0.14 (0.14)</td>
</tr>
</tbody>
</table>

**NOTE:** * significant at the 0.05 level; ** significant at the 0.01 level; *** significant at the 0.001 level.